STRENGTHENING OUR GROWTH PLATFORMS

ANNUAL REPORT 2015

STRAITS TRADING
ESTABLISHED 1887

A MEMBER OF THE TECITY GROUP

CORPORATE PROFILE

Incorporated in 1887, The Straits Trading Company Limited ("Straits Trading") is an investment company with stakes in real estate, hospitality, resources and investments that span the Asia Pacific region. It owns an 89.5% stake in Straits Real Estate Pte. Ltd., a co-investment vehicle that seeks out real estate-related investments & opportunities. It also owns a 20.1% stake in SGX-listed ARA Asset Management Limited, one of the largest real estate fund managers in the region and has a 30% interest in Far East Hospitality Holdings Pte. Ltd., one of the largest hospitality operators in Asia Pacific. Straits Trading also engages in tin mining and smelting through its 54.8%-owned subsidiary, Malaysia Smelting Corporation Berhad, that is dual listed on Bursa Malaysia and SGX-ST.

The use of a chevron pattern forms the foundation of the cover design. The chevrons are used to form letter "Y" blocks, which are then stacked upon one another to create an ideal symmetry to create platforms of growth. The "Y" blocks are also interlinked to one another, which gives rise to the concept of connectivity and stability. As these"Y" blocks continue to stack upon one another, this alludes to the notion of creating sustainable value for stakeholders.

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CHAIRMAN'S STATEMENT

"A key highlight of 2015 was the significant strides we made in our real estate business."

CHEW GEK KHIM
Executive Chairman
The Straits Trading Company Limited

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of The Straits Trading Company Limited ("Straits Trading" or "the Group") for the year ended 31 December 2015.

In 2015, we focused on our various business platforms and most of them have started to contribute to the Group's results.

The public-listed corporations in our portfolio such as ARA Asset Management ("ARA"), Suntec REIT and Malaysia Smelting Corporation ("MSC") provide their own financial disclosures and reports, and you may wish to refer to their Annual Reports for further information on the respective entities.

EXPANSION OF REAL ESTATE PLATFORM

A key highlight of 2015 was the significant strides we made in our real estate business. As you may recall, a key objective behind the corporate transformation of Straits Trading was to pivot its real estate business from being just a passive owner of high-quality, but lower-yielding physical real estate into a real estate ecosystem comprising a property fund and stakes in a property fund manager and a real estate investment trust. Central to this was the creation of our 89.5%-owned real estate investment vehicle, Straits Real Estate Pte. Ltd., that would make direct investments in real estate as well as through real estate funds.

Straits Real Estate Pte. Ltd. ("Straits Real Estate")

2015 was an especially significant year for Straits Real Estate which invested in an array of real estate-related assets across Asia Pacific.

In May 2015, the ARA Summit Development Fund I ("SDF I"), in which Straits Real Estate is an investor, made its maiden investment of AUD35 million in a mezzanine loan for a mixed-use development project located at 379-385 George Street & 38-48 York Street, Sydney.

In June 2015, Straits Real Estate acquired a 47.5% stake in Cordea Savills' Greater Tokyo Office Fund ("GTOF"), with an investment of JPY4.9 billion (about S$53.4 million) in its first close. GTOF's speciality is in acquiring distressed office properties, and as at December 2015, it has invested in two office assets in the Greater Tokyo Area.

In June 2015, Straits Trading also announced the subscription by Straits Real Estate into the ARA Harmony Fund III ("ARA Harmony Fund") with a commitment of S$72.8 million for a 40% stake. The ARA Harmony Fund has acquired five income-producing commercial properties in Malaysia.

In August 2015, Straits Real Estate completed the acquisition of 114 William Street in Melbourne, Australia for AUD125 million (approximately S$125.1 million). 114 William Street is a 25-storey office building situated on a freehold site located in the heart of the financial and legal precincts in Melbourne's Central Business District. Straits Real Estate intends to undertake various asset enhancement initiatives over time that will upgrade and reposition the property to create additional value.

In September 2015, Straits Real Estate took official possession of the bare shell of a retail mall in Chongqing, China. The mall, which is to be named 悦地My Place, is undergoing asset enhancement works and is expected to be operational by the latter half of 2016.

Straits Real Estate also formed SRE Capital Pte. Ltd. ("SRE Capital") which launched the SRE Asian Asset Income Fund ("SAAIF") in April 2015. SAAIF is a dividend-paying income fund that invests in a diversified portfolio of real estate-related equities listed in Asia Pacific. Straits Real Estate committed an initial seed capital of S$130 million towards the inception of SAAIF. Although 2015 proved to be a very turbulent year for global equities, SAAIF, through its hedging strategy, still managed to outperform the general market.

For more information on Straits Real Estate and SRE Capital, please visit www.straitsrealestate.com and www.srecapital.com

As part of its strategy of pivoting its passive lower-yielding physical real estate into Straits Real Estate, Straits Trading completed the sale of Straits Trading Building at 9 Battery Road in Singapore in December 2014. In April 2015, Straits Trading completed the sale of its wholly-owned subsidiary, Atbara Holdings Private Limited ("Atbara"), which owned 14 units in The Holland Collection, to Haiyi Holdings for S$53.8 million.

ARA Asset Management Limited ("ARA")

As at December 2015, ARA, in which Straits Trading owns a 20.1% stake, managed S$29.8 billion of total assets, making it one of the largest real estate fund managers in the region. In 2015, ARA continued to tap new opportunities to establish fresh fund and REIT platforms. In November 2015, ARA announced that it was undertaking a renounceable rights issue. Straits Trading subscribed to its pro-rata entitlement in full, and maintained its aggregate percentage shareholding in ARA at 20.1%. The total estimated gross proceeds from the rights issue of approximately S$152.1 million will provide ARA with greater financial capabilities to meet its funding needs to support its future growth and enable it to capitalise on potential growth opportunities as and when they arise.

For more information on ARA Asset Management Limited, please visit www.ara-asia.com

CHAIRMAN'S STATEMENT

Suntec Real Estate Investment Trust ("Suntec REIT")
As at December 2015, Straits Trading's direct interest in Suntec REIT was approximately 4%. Straits Trading's aggregate shareholding (including its deemed interest in shares of Suntec REIT held by ARA) as at January 2016 was 8.21%. This strategic shareholding strengthens Straits Trading's real estate ecosystem by giving it an interest in Suntec REIT which is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA. The investment in Suntec REIT also provides a regular dividend income stream for Straits Trading.

For more information on Suntec REIT Limited, please visit www.suntecreit.com

Far East Hospitality Holdings Pte. Ltd. ("Far East Hospitality")
Far East Hospitality, Straits Trading's 30%-owned associate owns and operates a combined portfolio of more than 13,000 rooms under management across close to 90 hotels and serviced residences in seven countries and is the largest hospitality operator in Singapore with 18 hotels and serviced residences. Outside of Singapore and Malaysia, Toga Far East Hotels ("TFE Hotels"), a 50-50 joint venture between Far East Hospitality and Australia's Toga Group, owns and operates hotels and serviced residences. Straits Trading will look to capitalise on this large and scalable hospitality platform by leveraging on the inherent synergies to grow its portfolio in ASEAN, Australia, New Zealand and Europe.

For more information on Far East Hospitality Holdings, please visit www.stayfareast.com

Malaysia Smelting Corporation Berhad ("MSC")
The resources business under MSC reported lower revenue and a loss in 2015 due to lower sales quantity of refined tin coupled with lower tin prices compared with last year. Market conditions continue to be challenging due to the depressed global commodity and resources sector. Although the underlying core operations of MSC are expected to perform satisfactorily in 2016, MSC's Board remains cautious on the impact of the low tin price and foreign exchange fluctuations.

For more information on MSC, please visit: www.msmelt.com

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2015 ("FY2015)", Straits Trading posted a net profit of S$8.5 million. Overall contributions from the Group's associates and joint ventures were higher in FY2015. Profit after tax and non-controlling interests was lower than 2014 principally due to the absence of the one-off item arising from the disposal of Straits Trading Building. The Group's revenue in FY2015 was lower due to lower property revenue, lower tin prices and lower sales quantity of refined tin in the resources business.

DIVIDENDS

We are declaring an interim dividend payout of 4 cents per share for FY2015.

We will continue to work towards a fair and sustainable dividend policy, as our businesses begin to generate stable income streams.

BOARD CHANGES

Mrs Elizabeth Sam, who joined the Board of Straits Trading in 2008, will be retiring after serving her term. Mr Razman Ariffin resigned from the Board on 18 March 2016. On behalf of the Board and Management, I would like to thank them for their many years of dedicated service, and valuable contributions to the Group.

LOOKING AHEAD

The macroeconomic and geopolitical outlook is looking increasingly unpredictable. China continues to face a number of challenges; the oil price has dropped sharply as have the prices of many other commodities. These factors have led to a less than optimistic outlook for the global economy. However, we take comfort in the knowledge that volatile markets and challenging times often offer attractive long-term investment opportunities. We are confident that the Group's disciplined approach to managing and investing, as well as its strong balance sheet, will equip Straits Trading to deal with any potential challenges and seize any opportunities that lie ahead. With a clear strategic direction, we will work hard to steer our resources and build on the experience we have gained through the years to create long-term value for shareholders.

Last but not least, we would like to thank you, our shareholders, for your confidence and support. We also want to thank our fellow Directors for their continued guidance, and fellow employees at Straits Trading and its subsidiaries, for their dedication and commitment.

CHEW GEK KHIM
Executive Chairman
30 March 2016

STRAITS TRADING GROUP

The Straits Trading Company Limited is one of the oldest publicly listed companies in Singapore, with stakes in real estate, hospitality, resources and investments that span the Asia Pacific region.

STRAITS TRADING
ESTABLISHED 1887
A MEMBER OF THE TECITY GROUP

89.5%*
STRAITS REAL ESTATE
REAL ESTATE

89.5%-owned investment vehicle that seeks out real estate related investments and opportunities globally

20.1%*
ARA ASSET MANAGEMENT
ASSET / FUND MANAGEMENT

One of the largest real estate fund managers in the region

8.2%**
SUNTEC REIT
REAL ESTATE INVESTMENT TRUST

One of the largest SGX-listed real estate investment trusts owning commercial and retail properties

30.0%*
FAR EAST HOSPITALITY
HOSPITALITY

One of the largest hospitality operators in the region with around 90 properties and over 13,000 rooms under management

54.8%*
MALAYSIA SMELTING CORPORATION
RESOURCES

The second largest producer of refined tin metal in the world

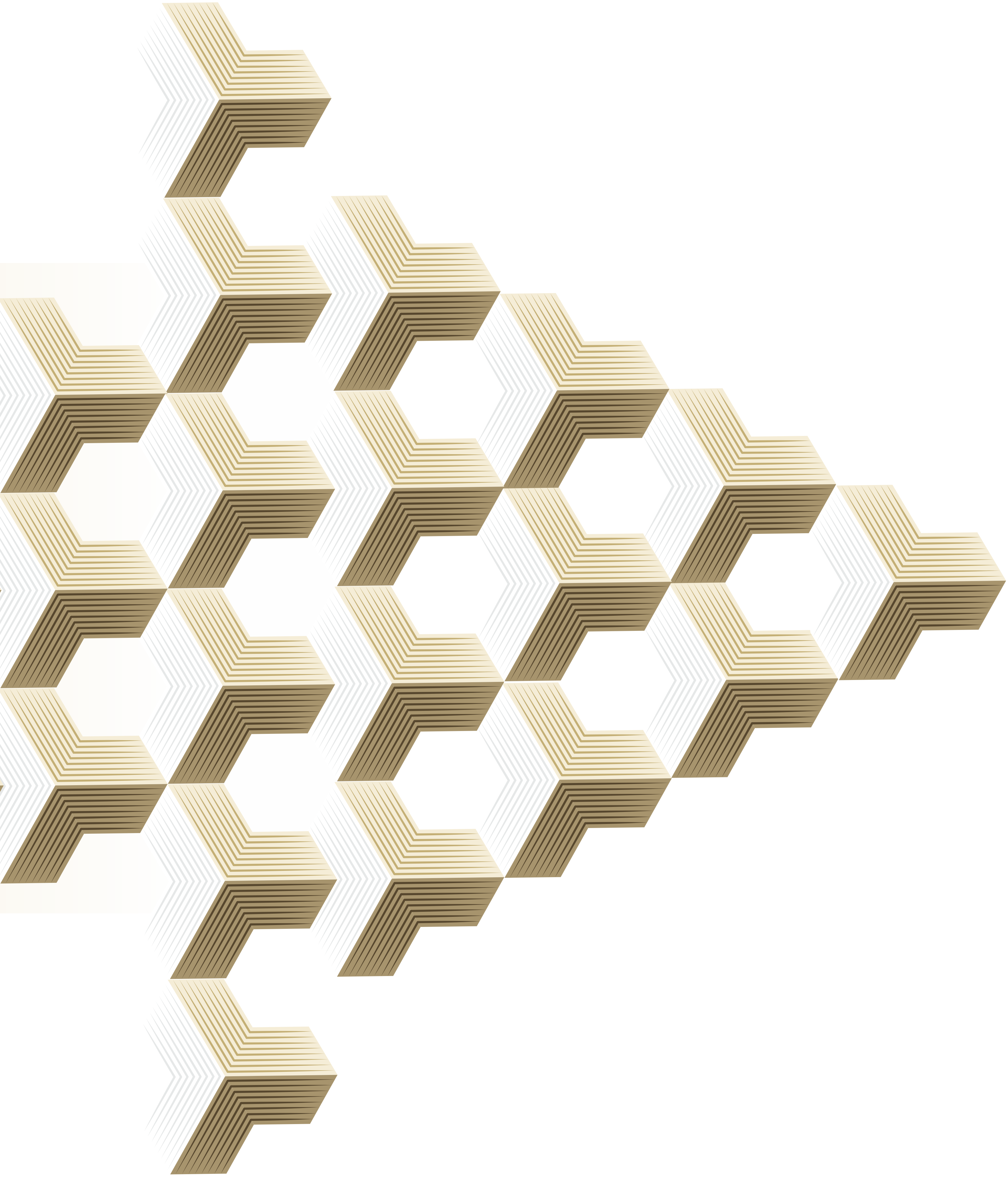
Straits Trading's real estate ecosystem

*Direct interest
**Aggregate interest

MAKING THE RIGHT MOVES

Staying Focused on Growing our Investments

We remain focused on identifying growth drivers that will continue to deliver results and add value for our stakeholders. By leveraging our experience and expertise, we will nurture and invest in these growth platforms to achieve greater operational excellence.



BOARD OF DIRECTORS

CHEW GEK KHIM, 54

LLB (Hons)

Executive Chairman
First appointed: 20 March 2008
Last re-elected: 30 April 2015

Ms Chew Gek Khim is a lawyer by training. She has been Chairman of The Straits Trading Company Limited since 24 April 2008, first as Non-Executive and Non-Independent Chairman and then as Executive Chairman since 1 November 2009.

Ms Chew is also Executive Chairman of Tecity Group, which she joined in 1987. She is Deputy Chairman of ARA Asset Management Limited, Chairman of ARA Trust Management (Suntec) Limited, and sits on the boards of Singapore Exchange Limited and Malaysia Smelting Corporation Berhad.

Ms Chew is also Deputy Chairman of Tan Chin Tuan Foundation in Singapore and Chairman of Tan Sri Tan Foundation in Malaysia. She is a Member of the Securities Industry Council of Singapore, the SSO Council and Board of Governors of S. Rajaratnam School of International Studies. She was the chairman of the National Environment Agency Board of Singapore from 2008 to 2015. Ms Chew was also previously a director of CapitaLand Retail China Trust (formerly CapitaRetail China Trust Management Limited) and a board member of the Singapore Totalisator Board.

Ms Chew graduated from the National University of Singapore in 1984. She was awarded the *Chevalier de l'Ordre National du Mérite* in 2010 and Singapore Businessman of the Year 2014 in 2015.

ELIZABETH SAM, 77

BA (Hons) Economics

Non-Independent and Non-Executive Director
First appointed: 30 April 2008
Last re-appointed: 30 April 2015

Mrs Elizabeth Sam brings with her more than 40 years of experience in the financial sector, having held senior positions in the Ministry of Finance, the Monetary Authority of Singapore, Mercantile House Holdings PLC (a company listed on the London Stock Exchange) and Oversea-Chinese Banking Corporation Limited. Currently an Adviser to the Tecity Group, Mrs Sam is also a Director of Banyan Tree Holdings Limited, AV Jennings Limited and SC Global Developments Ltd. She is also the Chairman ofHon Sui Sen Endowment CLG Limited.

Formerly a director of Boardroom Limited, Mrs Sam was also the chairman of the Singapore International Monetary Exchange of Singapore, from 1987 to 1990 and from 1990 to 1993, and Investment Management Association of Singapore, from 1997 to 1999. She was a member of the Trade Development Board from 1989 to 1994.

In 1996, Mrs Sam was awarded the Public Service Star (BBM), Republic of Singapore, for her contributions to financial centre developments.

Mrs Sam graduated from the University of Singapore with a BA (Hons) Economics.

CHEW GEK HIANG, 52

B Acc (Hons), CPA

Non-Independent and Non-Executive Director
First appointed: 30 April 2008
Last re-elected: 30 April 2014

Ms Chew Gek Hiang, an accountant by training, has been with the Tecity Group, the parent company of The Straits Trading Company Limited, since 1991. As Executive Director and Head of Finance, she is actively involved in the investment activities of the Tecity Group and is responsible for its securities trading portfolio. She also oversees the human resource and administrative functions in the Tecity Group. Currently serving on the advisory panel of the GST Review Board, Ms Chew is also a Council Member of Tan Chin Tuan Foundation in Singapore and Tan Sri Tan Foundation in Malaysia. She is also President of Noah's Ark CARES (Companion Animal Rescue and Education Society), a non-profit animal welfare society which champions responsible pet ownership and active sterilisation and micro-chipping of stray dogs and cats in Singapore and Johor.

After her graduation from the National University of Singapore in 1986, Ms Chew worked with Ernst & Whinney in Singapore for a year. She then joined Ernst & Young (London) in 1987 to pursue chartered accountancy, and was admitted to the Institute of Chartered Accountants in England and Wales in October 1990.

GOH KAY YONG DAVID, 54

BA (Hons), SM (MIT), CFA

Non-Independent and Non-Executive Director
First appointed: 30 April 2008
Last re-elected: 30 April 2014

Mr Goh Kay Yong David is the Chief Investment Officer and Chief Strategist of the Tecity Group, the parent company of The Straits Trading Company Limited. Mr Goh started his investment career as an Investment Analyst with Great Eastern Life in 1986, and taught at the Nanyang Technological University ("NTU"), Singapore in the Bachelor of Business Financial Analyst programme in 1991. After joining Tecity Group in 1997, he remained from 1997 to 2003, as Adjunct Associate Professor of Finance at NTU. Mr Goh also serves as Director of Stewardship Equity Pte Ltd, Commonwealth Capital Pte Ltd and NPE Print Communications Pte Ltd.

Mr Goh holds a Bachelor of Arts (Hons) degree in Economics from York University, Canada; a Master of Science in Management (System Dynamics, Finance and Strategy) from Massachusetts Institute of Technology's Sloan School of Management, and is a CFA Charter holder.

BOARD OF DIRECTORS

YAP CHEE KEONG, 55

B Acc, CPA

Non-Independent and Non-Executive Director
First appointed: 7 May 2009
Last re-elected: 30 April 2015

Mr Yap Chee Keong is a Non-Independent and Non-Executive Director of The Straits Trading Company Limited. He is the Chairman and Independent Non-Executive Director of CityNet Infrastructure Management Pte Ltd, the trustee-manager of NetLink Trust. He is the Lead Independent Director of Tiger Airways Holdings Limited, an Independent Non-Executive Director of Olam International Limited, InterOil Corporation, MediaCorp Pte Ltd, Citibank Singapore Limited and Certis CISCO Security Pte Ltd, as well as a Non-Executive Director of ARA Asset Management Limited. He also serves as a Board Member of the Accounting and Corporate Regulatory Authority and as a Member of the Public Accountants Oversight Committee.

Mr Yap has worked in various senior management roles in multinational and listed companies. He holds a Bachelor of Accountancy from the National University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants, CPA Australia and the Singapore Institute of Directors.

THAM KUI SENG, 58

BA (Hons) Engineering Science

Independent and Non-Executive Director
First appointed: 1 October 2009
Last re-elected: 30 April 2015

Mr Tham Kui Seng is a Non-Executive Director of Global Logistic Properties Limited, Sembcorp Industries Ltd, Banyan Tree Holdings Limited and Avanda Investment Management Pte. Ltd. He is also a Member of the board of Singapore Land Authority.

Mr Tham was the former chief corporate officer of CapitaLand Limited overseeing the corporate services functions of the real estate group from 2002 to 2008. He was previously a director of Raffles Medical Group Ltd and member of the board of The Housing and Development Board.

Mr Tham graduated from the University of Oxford with a Bachelor of Arts (First Class Honours) in Engineering Science.

TAN TIONG CHENG, 65

Diploma in Urban Valuation, FSISV, FAPFM, ANZIV, SPINZ

Independent and Non-Executive Director
First appointed: 1 July 2013
Last re-elected: 30 April 2014

Mr Tan Tiong Cheng was appointed as an Independent and Non-Executive Director of The Straits Trading Company Limited on 1 July 2013.

Mr Tan is currently the Executive Chairman of Knight Frank Pte Ltd's Group of Companies. He has an extensive and in-depth knowledge of real estate for more than 40 years. He is an Independent and Non-Executive Director of UOL Group Limited and a Member of its Audit Committee. Mr Tan is also an Independent Director, Chairman of the Remuneration Committee and a Member of the Audit Committee of Heeton Holdings Limited.

A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. A Licensed Appraiser, he is also a Fellow Member of the Singapore Institute of Valuers and Surveyors, and the Association of Property and Facilities Management, an Associate Member of the New Zealand Institute of Valuers and a Senior Member of The Property Institute of New Zealand. He is a Member of the Valuation Review Board.

GARY HILTON WEISS, 62

LLB (HONS), LLM, JSD

Independent and Non-Executive Director
First appointed: 1 June 2014
Last re-elected: 30 April 2015

Dr Gary Hilton Weiss was appointed as an Independent and Non-Executive Director of The Straits Trading Company Limited on 1 June 2014.

Dr Weiss is currently the Executive Director of Ariadne Australia Limited, a diversified investment company with investments in a variety of sectors, including car parking, insurance and financial services. The Chairman of Ridley Corporation Limited and ClearView Wealth Limited, Dr Weiss is also a Non-Executive Director of Premier Investments Limited, Pro-Pac Packaging Ltd and Estia Health Ltd.

He was the former chairman of Coats Plc, former executive director of Whitlam, Turnbull & Co and Guinness Peat Group plc and sat on the board of Westfield Holdings Limited. Dr Weiss has also been involved in managing large businesses with operations in many regions including Europe, China and India and is familiar with investments across a wide range of industries, corporate finance and private equity type deals.

Dr Weiss holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicito of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales.

BOARD OF DIRECTORS

CHIA CHEE MING TIMOTHY, 66

Bachelor of Science cum laude, majoring in Management

Independent and Non-Executive Director
Lead Independent Director
First appointed: 27 February 2015
Last re-elected: 30 April 2015

Mr Chia Chee Ming, Timothy was appointed as an Independent and Non-Executive Director and Lead Independent Director of the Company on 27 February 2015.

Mr Chia is Chairman of Hup Soon Global Corporation Private Limited as well as Chairman – Asia for Coutts & Co Ltd, the private banking arm of the Royal Bank of Scotland Group. He sits on the boards of several other private and public companies, including Banyan Tree Holdings Ltd, Fraser and Neave Limited, Singapore Power Limited, Vertex Venture Holdings Ltd, Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC. He is a Member of the Board of Trustees of the Singapore Management University, an Advisory Council Member of the ASEAN Business Club and a Member of the Advisory Board of the Asian Civilisations Museum.

From 1986 to 2004, he was a director of PAMA Group where he was responsible for private equity investments and served as president from 1995 to 2004. He was previously a director of SP PowerAssets Limited, PowerGas Limited, InnoTek Limited, and a senior advisor to EQT Funds Management Ltd.

Mr Chia graduated with a cum laude in Management from Farleigh Dickinson University in the United States of America.

PERSONNEL

In line with its transformation into an investment company, Straits Trading has adopted a more streamlined corporate structure with executive staff manning only key corporate functions. The operational management of its individual portfolio companies now rests with the chief executives of the respective businesses, supported by their individual management teams.

Maintaining a leaner executive headcount at Straits Trading while concentrating management of the businesses within the operating entities will not only facilitate faster decision-making and better responsiveness to market developments, but also leverage off the repertoire of operational expertise of the executive teams at the different portfolio businesses.

KEY MANAGEMENT PERSONNEL

CHEW GEK KHIM

LLB (HONS)

Executive Chairman

Please refer to page 8 for profile.

YEO SOCK KOON MAGGIE

B Acc, CPA

Chief Financial Officer

Ms Maggie Yeo joined the Company as Finance Director on 8 September 2014. She was appointed Chief Financial Officer in July 2015. As Chief Financial Officer, she has overall responsibility for the Company's finance functions, including financial reporting, corporate finance, treasury, tax, budget management, risk management and capital management of Straits Trading and its group of companies. She plays a key role in working with senior management to develop, monitor and evaluate overall corporate strategy.

Ms Yeo has more than 20 years of working experience in the finance and accounting sectors. Prior to joining The Straits Trading Company Limited, she was the Senior Vice President for Reporting and Analytics Centre of Excellence in Sembcorp Industries Limited, the Chief Financial Officer in UMS Holdings Ltd and Director for Group Accounting Services in NOL. She was actively involved in mergers and acquisitions, financial and management reporting, budgeting and forecasting, shared services setup, tax, treasury as well as corporate governance and risk-management matters.

Ms Yeo graduated from the National University of Singapore with a Bachelor of Accountancy degree. She is a graduate of Institute of Chartered Secretaries and Administrators.

PERSONNEL

Senior Executive Teams in Straits Trading and its Subsidiaries

THE STRAITS TRADING COMPANY LIMITED

Allen Tan
Vice President
Portfolio Management

James Kwie
Vice President
Portfolio Management

Low Yew Joo
Vice President
Portfolio Management

Aldric Tan
Company Secretary

Toh Chee Leng
Vice President
Human Resource & Adminstration

Steven Ang
Vice President
Information Technology

Wong Wai Yee
Vice President
Corporate Communications

Tan Hwei Yee
Vice President
Special Projects

Our Adviser, Mr Eric Teng resigned from The Straits Trading Company Limited on 31st Dec 2015. He remains an Adviser with the Tecity Group and the Tan Chin Tuan Foundation.

STRAITS REAL ESTATE PTE. LTD.

Desmond Tang
Chief Executive Officer

Andy Lim
Director
Business Development & Operations

Goh Yah Huay
Director
Finance

Lai Jing Dong
Director
Investments

Adeline Fong
Director
Asset Management

SRE CAPITAL PTE.LTD.

Stephen Finch
Chief Executive Officer

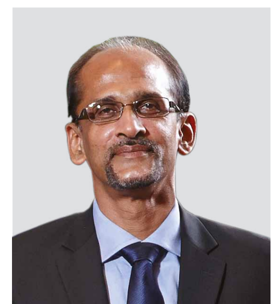
Manish Bhargava
Director
Research & Trading

MALAYSIA SMELTING CORPORATION BERHAD

Chua Cheong Yong
Chief Executive Officer

Yap Fook Ping
Group Chief Financial Officer

Sharifah Faridah Abdul Rasheed
Group Company Secretary & Head of Legal & Human Resource



Raveentiran Krishnan
Group Chief Operating Officer
Smelting

Mohamed Yakub Ismail
Group Chief Operating Officer
Mining / Senior General Manager
Rahman Hydraulic Tin Sdn. Bhd

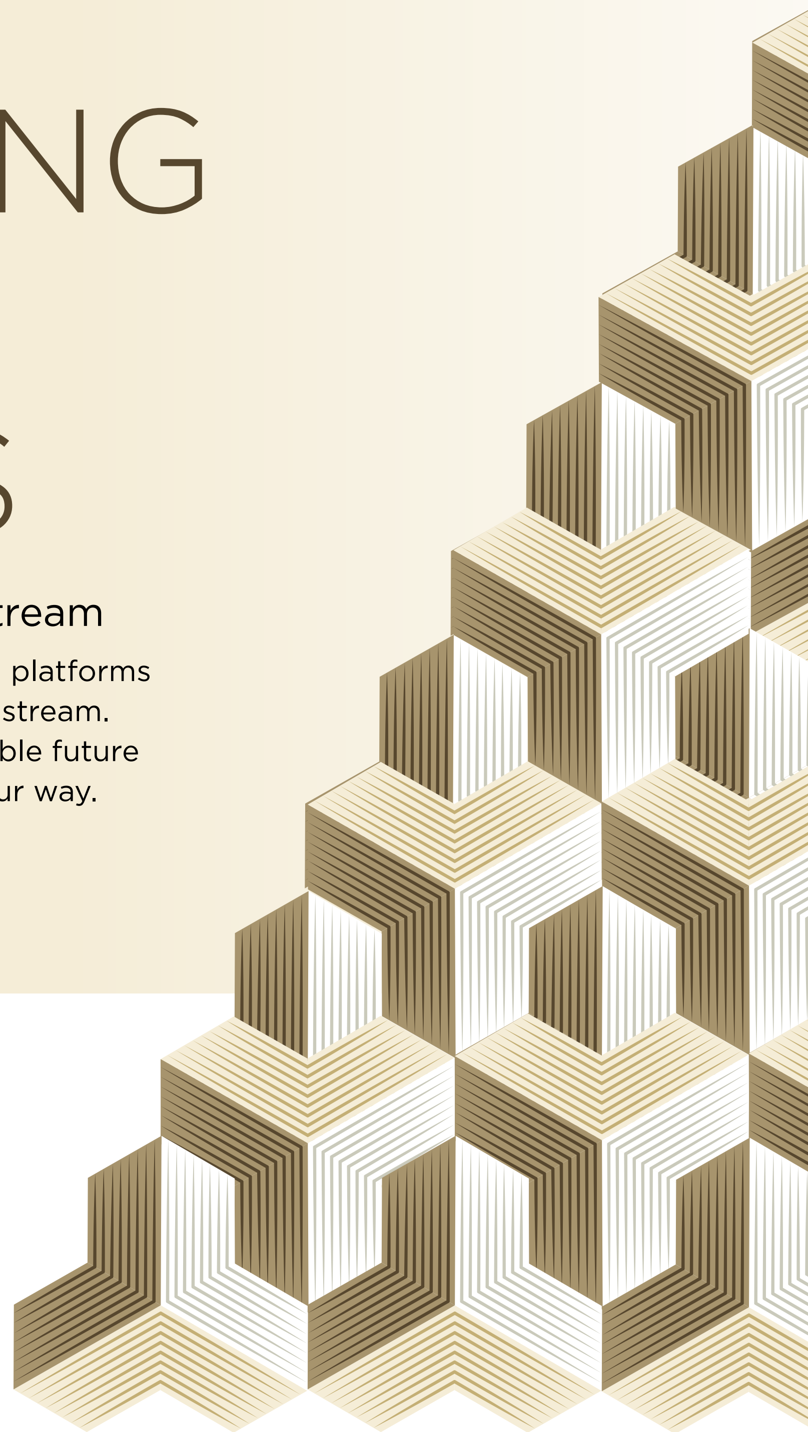
Yap Kean Pang
General Manager
Marketing & Trading

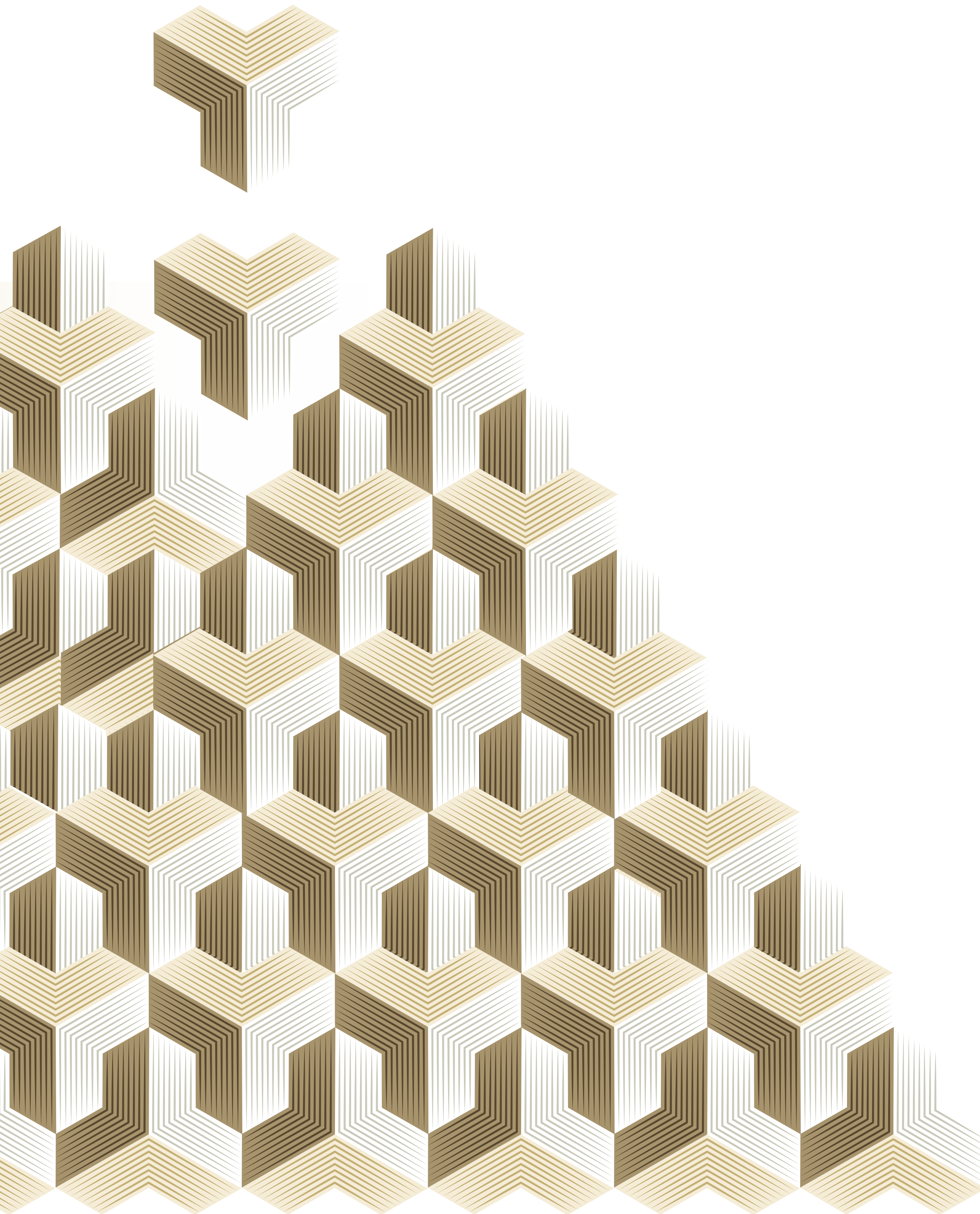
Madzlan Zam
Head
Geology & Exploration

DELIVERING STABLE RETURNS

Generating a Recurrent Earnings Stream

We are committed to strengthening our growth platforms with the aim of generating a recurring earnings stream. These efforts will enable us to create a sustainable future and withstand any challenges that may come our way.





YEAR IN REVIEW

Group Financial Highlights

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Total revenue	**539,949**	764,756	802,757	1,159,137	1,510,663
Earnings/(Loss) before interest and tax	**26,590**	55,126	120,458	(67,588)	97,489
Profit/(Loss) before tax	**10,876**	25,378	93,297	(95,031)	79,246
Profit/(Loss) attributable to owners of the Company	**8,549**	18,586	119,495	(55,236)	47,026
Shareholders' funds	**1,297,164**	1,354,997	1,316,585	1,136,035	1,168,402
PER SHARE					
Earnings/(Loss) per share (cents)	**2.1**	4.6	30.4	(16.9)	14.4
Gross dividend per share (cents)	**4.0**	4.0	54.0 [a]	4.0	4.0
Net asset value per share ($)	**3.18**	3.32	3.23	3.49	3.59
FINANCIAL RATIOS					
Return on equity (%)	**0.6**	1.4	9.7	(4.8)	4.1
Net gearing (%)	**22.8**	Net Cash	11.5	45.5	33.3

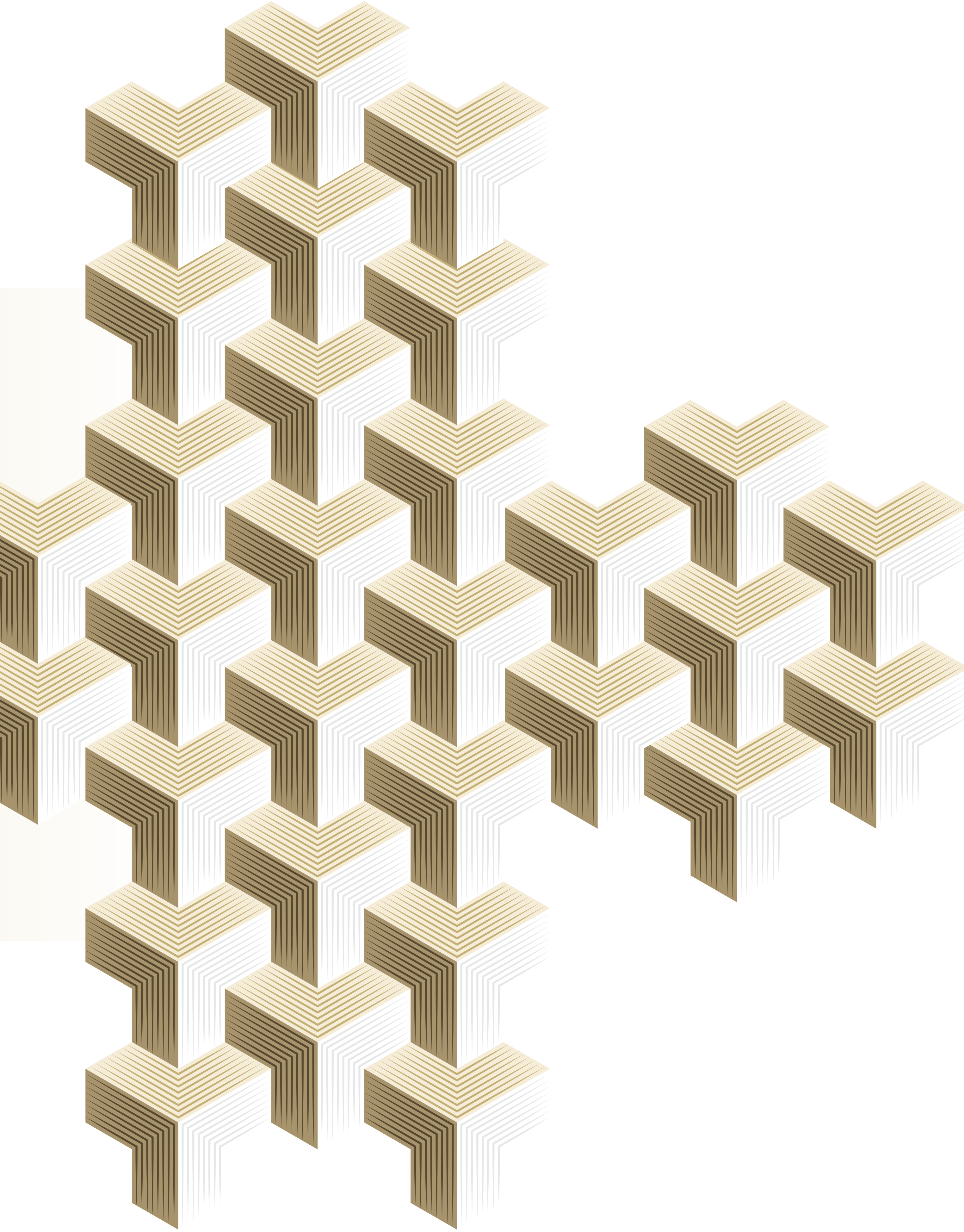
Note:
(a) This includes the special interim dividend of 50 cents per share paid on 20 September 2013.

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
BALANCE SHEET					
Total non-current assets	**1,429,336**	1,173,516	1,399,611	1,695,923	1,608,047
Total current assets	**656,145**	818,587	541,247	462,455	656,776
TOTAL ASSETS	**2,085,481**	1,992,103	1,940,858	2,158,378	2,264,823
Equity attributable to owners of the Company	**1,297,164**	1,354,997	1,316,585	1,136,035	1,168,402
Non-controlling interests	**73,049**	50,901	35,658	35,043	97,723
TOTAL EQUITY	**1,370,213**	1,405,898	1,352,243	1,171,078	1,266,125
Total non-current liabilities	**386,051**	253,744	309,617	636,812	608,256
Total current liabilities	**329,217**	332,461	278,998	350,488	390,442
TOTAL LIABILITIES	**715,268**	586,205	588,615	987,300	998,698
TOTAL EQUITY AND LIABILITIES	**2,085,481**	1,992,103	1,940,858	2,158,378	2,264,823

OPTIMISING THE VALUE CHAIN

Building on the Real Estate Ecosystem

Straits Trading's real estate ecosystem leverages on the Group's wide business networks for deal flow and to access investment opportunities that create value. As the platforms interact, they create avenues for capital to be allocated to investments with higher returns.



YEAR IN REVIEW

REAL ESTATE

STRAITS REAL ESTATE PTE. LTD. ("STRAITS REAL ESTATE")

OVERVIEW

Straits Real Estate Pte. Ltd. ("Straits Real Estate") is the 89.5%-owned real estate investment vehicle of The Straits Trading Company Limited ("Straits Trading"). Straits Real Estate is set up as a financial investor to seek out real estate-related opportunities across the Asia Pacific region and beyond. Straits Real Estate operates on a business model that is akin to a real estate private equity fund that identifies attractive markets and sectors for investment and then focuses on allocating and deploying capital into them. This is a process that combines both a top-down and bottom-up approach to analysis and leverages off the extensive business networks of Straits Real Estate, Straits Trading and ARA Asset Management. In the majority of cases, Straits Real Estate will seek to work with local partners to leverage off their ground knowledge and expertise. Such partners may for example, be a real estate developer, real estate operator, real estate fund manager, or an asset manager, taking into consideration the specifics of the transaction and the optimal arrangement for Straits Real Estate's participation.

Straits Real Estate monitors the market closely for exit options for its investments, while managing its assets actively to optimise their values and thus returns to shareholders. It emphasises capital efficiency in its investment and divestment decisions to find the best balance for its capital flow, use of gearing, and design of its capital structure.

Because it adopts different strategies with regard to different markets and sectors, Straits Real Estate is exposed to different types of risk with its different investments. The successful implementation of Straits Real Estate's business model requires a clear understanding of a wide array of risks, the experience to price these risks, and the ability to manage them. This capability to take on and manage these risks is ultimately expected to translate into the higher returns that Straits Real Estate is set up to deliver.

Straits Real Estate in general, is total-return focused. Portfolio-wise, it seeks to find a balance between income return and capital appreciation. An investment that lies within the core-plus risk space may bring a higher proportion of upfront income to the portfolio while the expected returns of an investment in a development project would tend to be back-loaded in the form of development profit. Straits Real Estate's ability to invest across markets and sectors, and its understanding of risk give it the tools to shape and manage the portfolio returns effectively.

KEY DEVELOPMENTS IN 2015

Besides its existing investments in the retail mall in Chongqing, China and the ARA Summit Development Fund I, Straits Real Estate successfully committed to a number of new investments in 2015. These investments cover a wide variety of strategies and markets ranging from a Malaysian core-plus retail strategy to a Japanese special-situation program.

DIRECT REAL ESTATE INVESTMENTS

Chongqing Retail Mall Project

悦地 *My Place retail mall, Chongqing, China*

The construction of the retail mall in Chongqing was completed by the vendor developer according to schedule. Straits Real Estate took possession of the bare-shell building in September 2015 and swiftly commenced interior renovation of the property. RSP Architects Planners & Engineers, the interior designer, has portrayed the mall as playful, green and captivating to the senses, to break away from the mundanity of shopping mall designs in Chongqing. The mall environment is sensitively planned and crafted to complement the excellent location of the mall, providing Chongqing residents with an alluring alternative to the crowd and fuss of more established retail hubs in the city.

To be named 悦地My Place, the mall not only caters to middle-income residents of Nan'an District, where it is located; but also shoppers from neighbouring districts in Chongqing. 悦地My Place will benefit from its direct access to the Chayuan subway station, which serves the 28-station Line 6 of Chongqing's extensive subway system.

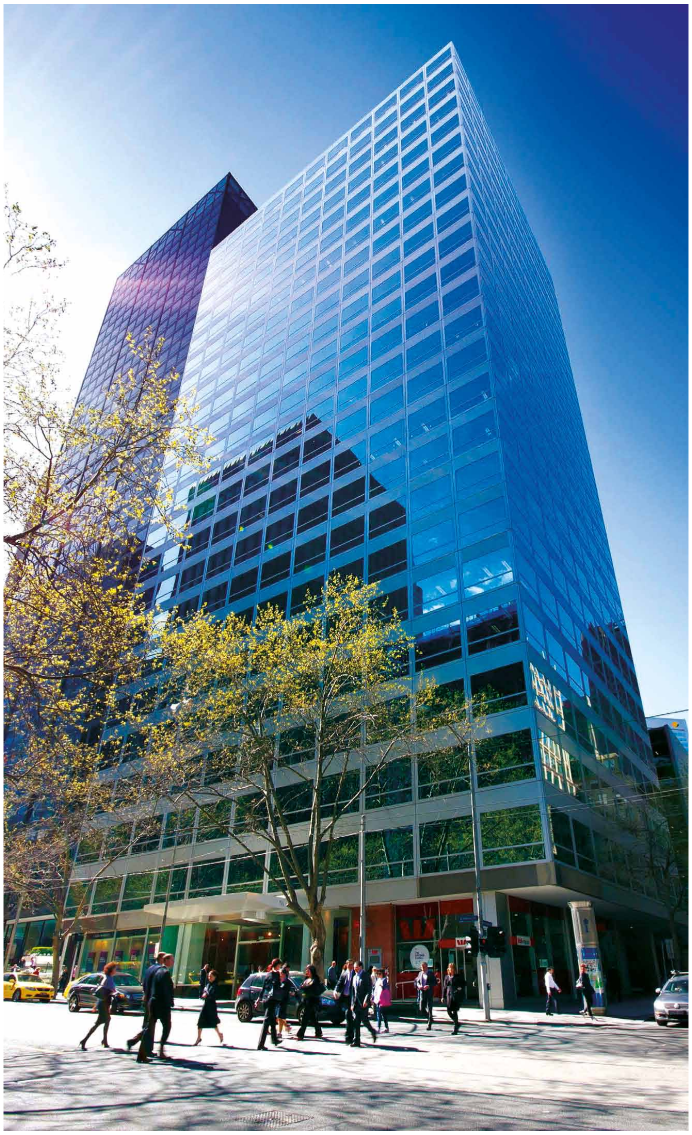
The mall is expected to be operational by the latter half of 2016.

The outlook for Chongqing's economic environment remains sanguine amidst China's economic restructuring. Chongqing's GDP expanded 11% in 2015, making it the highest growth region among Chinese provinces and municipalities for the year. Chongqing, with its mid-west location, is also at the heart of China's "one-belt, one-road" trade initiative. Furthermore, the recent decision to base the third Singapore-China government-to-government project in Chongqing will no doubt add a new growth driver to this city that traditionally has relied on heavy industry as a key economic impetus.

Melbourne Office Building

In August 2015, Straits Real Estate acquired a 98% interest in an office building located at 114 William Street in Melbourne. The freehold property comprises 21,000 square meters of lettable area, spread over 23 levels. The building also has two basements, providing car park lots and end-of-trip facilities (including bicycle parking, lockers, and shower facilities).

114 William Street was originally developed in 1976 but remains in very good condition largely due to a timeless design, good maintenance and intermittent upgrading carried out by the previous owners. Notwithstanding the good condition of the building, this asset presents Straits Real Estate with value-adding opportunities in a number of ways. Straits Real Estate will proactively manage the asset to update and renew it over the next few years, with the objective of bringing the passing rent to fair market levels to realise the asset's full protential.



114 William Street, Melbourne, Australia

FUND INVESTMENTS

Straits Real Estate has invested in the following real estate funds:

FUND NAME	FUND MANDATE	FUND MANAGER	SRE CAPITAL COMMITMENT (DEC 2015)	SRE CONTRIBUTED CAPITAL TO-DATE (DEC 2015)
ARA Summit Development Fund I	The fund invests in development projects in Australia and South East Asia, providing equity or mezzanine loans to developers.	ARA Asset Management	USD 80.0 million	USD 16.6 million
Greater Tokyo Office Fund	The fund invests in office buildings in the metropolitan Tokyo area.	Savills Investment Management	JPY 4.9 billion	JPY 1.3 billion
ARA Harmony Fund III	The fund owns and manages five suburban and regional retail malls in Malaysia.	ARA Asset Management	SGD 72.8 million	SGD 70.2 million

ARA Summit Development Fund I ("SDF I")
The ARA Summit Development Fund I will co-invest with developers in projects that have value enhancement potential in South East Asia and Australia. Depending on the type of project, SDF I may invest as an equity partner to share a project's development risk and returns, or participate in a project as a mezzanine loan lender for lower risk.

As at December 2015, the fund has invested in a Sydney mixed use development project named York & George. The project, located at prime George Street, includes 199 residential apartments, 4,500 square meters of office area, and 3,200 square meters of retail area. All of the apartments have been pre-sold. The fund has made a mezzanine loan of AUD35 million to the developer, Fife Capital Management Pty Limited.

Greater Tokyo Office Fund ("GTOF")

Kirin Yokohama building, Yokohama, Japan

The Greater Tokyo Office Fund has a mandate to acquire office properties in Tokyo and key cities in the neighboring prefectures of Kanagawa, Chiba and Saitama. Cordea Savills, the manager of GTOF works closely with banks and asset management companies *to* identify properties that are mortgaged as collateral for loans that are non-performing, and seeks to acquire such properties at higher-than-market yields.

As at December 2015, the fund has invested in two properties. The first is called Takanawa Muse, which is located in Shinagawa-ku. This is a small office building with 3,800 square meters of lettable space. The second property is called Kirin Yokohama Building, located in Yokohama. The building has approximately 4,000 square meters of lettable area. Both properties were acquired for prices that were at a discount to their fair market valuations.

ARA Harmony Fund III

1 Mont Kiara mall, Kuala Lumpur, Malaysia

The ARA Harmony Fund III owns a portfolio of five commercial properties in Malaysia. The income generating properties include Ipoh Parade Mall in Perak, Klang Parade Mall and Citta Mall in Selangor, 1 Mont Kiara Retail Mall and Office Tower in Kuala Lumpur, and AEON Bandaraya in Malacca. As at December 2015, the assets' occupancies have improved to between 86.8% and 97.7%.

OUTLOOK FOR 2016

The outlook for the region's key economies in 2016 is undoubtedly one of significant uncertainty and slower growth. The unfavourable trends from 2015 relating to China's slowdown, low oil prices, Europe's uneven recovery and global stock market turmoil are expected to continue into 2016. Given such a challenging macro environment, Straits Real Estate's priority for 2016 is to ensure that its assets are well managed in order to weather this difficult period and deliver its targeted results.

Looking ahead to 2016, Straits Real Estate will continue to seek out new and attractive investment opportunities. It believes that the environment will present opportunities that can be financially rewarding over time. The approach to investing will be one of prudence, with an emphasis on assets that offer strong immediate cash flow, with longer term value-adding opportunities.

SRE CAPITAL PTE. LTD. (“SRE CAPITAL”)

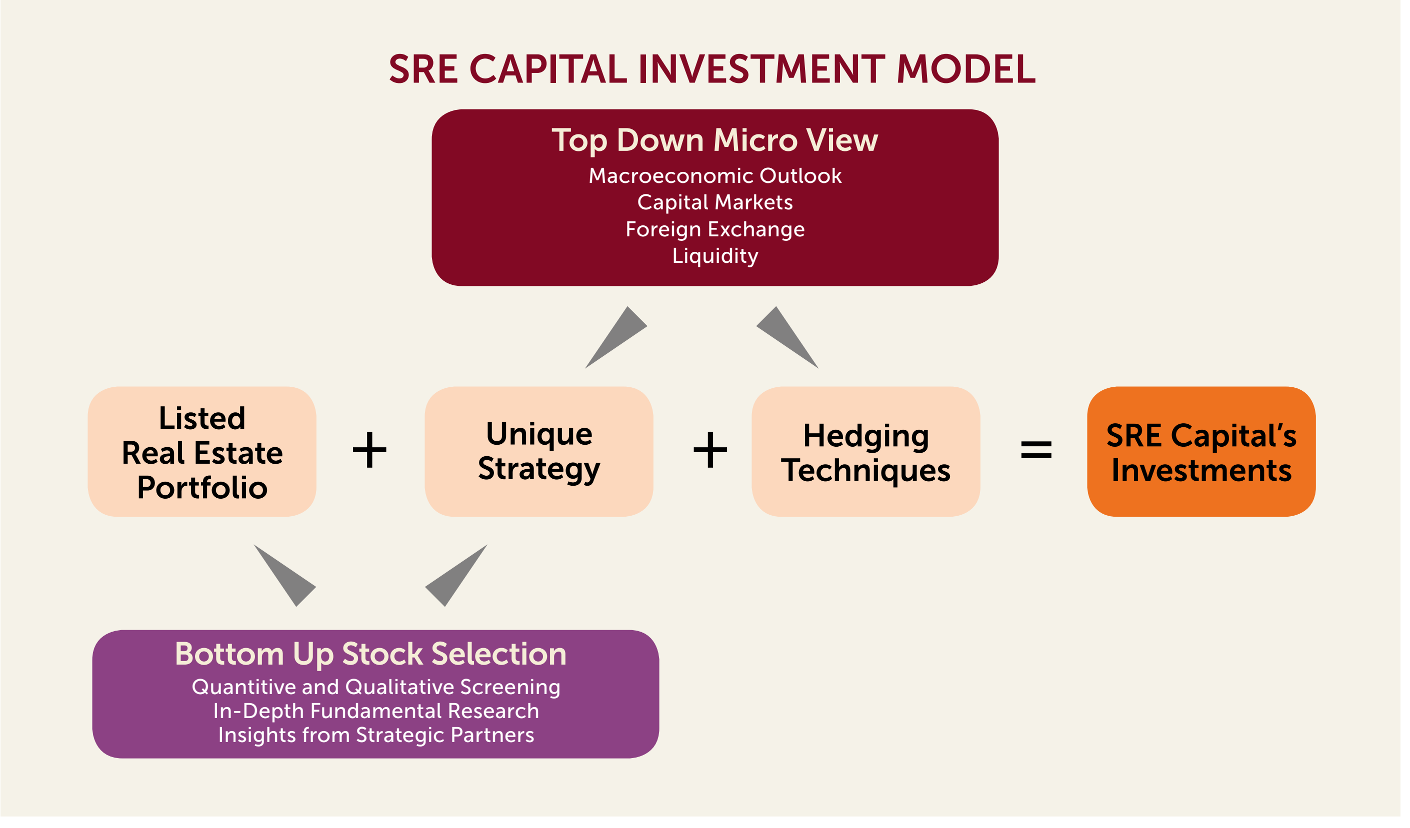
OVERVIEW

SRE Capital is a Singapore-based asset management company that specialises in investing in public-listed real estate and infrastructure related securities within the Asia Pacific region. SRE Capital was incorporated in October 2014 and received its Capital Market Services Licence from the Monetary Authority of Singapore in March 2015. With more than 34 years of experience in securities trading and fund management, Mr Stephen Finch leads the team at SRE Capital. He is supported by a team of professionals with experience in real estate securities investing throughout the Asia Pacific. Augmented by the expertise and network of SRE Capital’s shareholders and Board of Directors, the team has access to unique insights into the real estate investment landscape.

SRE Capital launched its first fund, the SRE Asian Asset Income Fund (“SAAIF”), in April 2015. SAAIF is a dividend paying income fund that invests in a diversified portfolio of real estate-related equities listed across Asia Pacific. The fund predominantly invests in real estate investment trusts (“REITs”). SAAIF aims to deliver higher income and lower volatility than can be achieved by investing directly in REITs, and affords moderate capital growth over the long-term that is consistent with the price appreciation of core commercial real estate in Asia Pacific. The team relies on macroeconomic analysis as well as in-depth fundamental research when investing. The team’s research capabilities and insights from strategic partners enable SRE Capital to tap into high quality cash flows from a diversified pool of core commercial real estate through publicly listed securities in Singapore and around the Asia Pacific region. SRE Capital’s unique strategy coupled with its hedging techniques ensures higher levels of cash distribution, while lowering equity market volatility versus investing directly in REITs.

INVESTMENT STRATEGY

In the year ahead, SRE Capital will continue to rely on its capabilities and unique strategy to drive investment returns while minimising volatility inherent in listed real estate securities.



YEAR IN REVIEW

REAL ESTATE

Suntec City, Singapore

ARA ASSET MANAGEMENT LIMITED ("ARA")

ARA Asset Management Limited, a 20.1%-owned associate of Straits Trading, is one of the largest real estate fund managers in the region. ARA manages listed REITs in Singapore, Hong Kong and Malaysia and also invests in and manages private real estate funds in the Asia Pacific region. Its real estate portfolio spans the office, retail, logistics, hospitality and residential sectors. ARA also offers real estate management advisory services, which complement its fund management business.

In 2015, ARA's total assets under management ("AUM") grew 11.9% from S$26.7 billion to S$29.8 billion (as at December 2015). As a result, the recurrent management fees to ARA increased from S$125.5 million to S$129.6 million for FY2015 and its adjusted net profit[1] grew 16% year-on-year to S$72.1 million.

In September 2015, ARA successfully raised US$325 million in capital commitments for Peninsula Investment Partners, a new private fund platform with the mandate to invest in real estate assets across Asia, including Australia, Singapore, Hong Kong, China and Japan. In the same month, the California Public Employees' Retirement System ("CalPERS") added US$300 million to ARA's China platform, China Investment Partners.

In October 2015, ARA successfully launched a new privately-held REIT, ARA ShinYoung Residential Development Real Estate Investment Company, which has the mandate to invest in residential assets in South Korea.

In December 2015, ARA established the ARA Harmony Fund V ("Harmony V"), a private real estate fund for the redevelopment of Park Mall, a commercial and retail property located within Singapore's prime shopping belt, Orchard Road. The investors of Harmony V include the SingHaiyi Group of companies, Haiyi Holdings Pte Ltd and Suntec Real Estate Investment Trust.

As the largest shareholder of ARA with a 20.1% stake, Straits Trading will continue to support ARA in delivering its strategies to grow its REIT platforms through yield-accretive acquisitions while seeking opportunities in private funds to venture into new markets and jurisdictions. In December 2015, ARA raised a total of S$152.1 million via a rights issue, which Straits Trading subscribed to its full entitlement. The capital raised will provide ARA with greater financial capacity and flexibility to meet its funding needs to support its growth as well as to capitalise on growth opportunities as and when they arise.

SUNTEC REAL ESTATE INVESTMENT TRUST ("SUNTEC REIT")

As at Jan 2016, Straits Trading had an aggregate shareholding (including its deemed interest in shares of Suntec REIT held by ARA) of 8.21% in Suntec REIT.

For FY2015, Suntec REIT reported gross revenue of S$329.5 million and net property income of S$229.2 million that were 16.7% and 19.6% higher year-on-year respectively due to the opening of Phases 2 & 3 of Suntec City mall and higher contribution from Suntec Singapore.

In November 2015, Suntec REIT acquired three floors of strata office space in Suntec City of approximately 38,000 sq. ft. It also completed the divestment of Park Mall in December 2015 and entered into a joint venture to redevelop the property to further unlock underlying value.

STRAITS INVESTMENT PARTNERS ("SIP")

Straits Investment Partners is a managed account under ARA that oversees Straits Trading's investment property portfolio. In April 2015, Atbara Holdings Private Limited ("Atbara") was divested to Haiyi Holdings, for S$53.8 million. Atbara owned 14 units in The Holland Collection, a freehold residential development on Holland Road.

The remaining investment properties in Singapore include condominium units at Gallop Green and Good Class Bungalows ("GCBs") at Cable Road and Nathan Road. In Malaysia, the portfolio comprises Wisma Straits Trading Building, and includes land, buildings and shophouses in Butterworth, Penang.

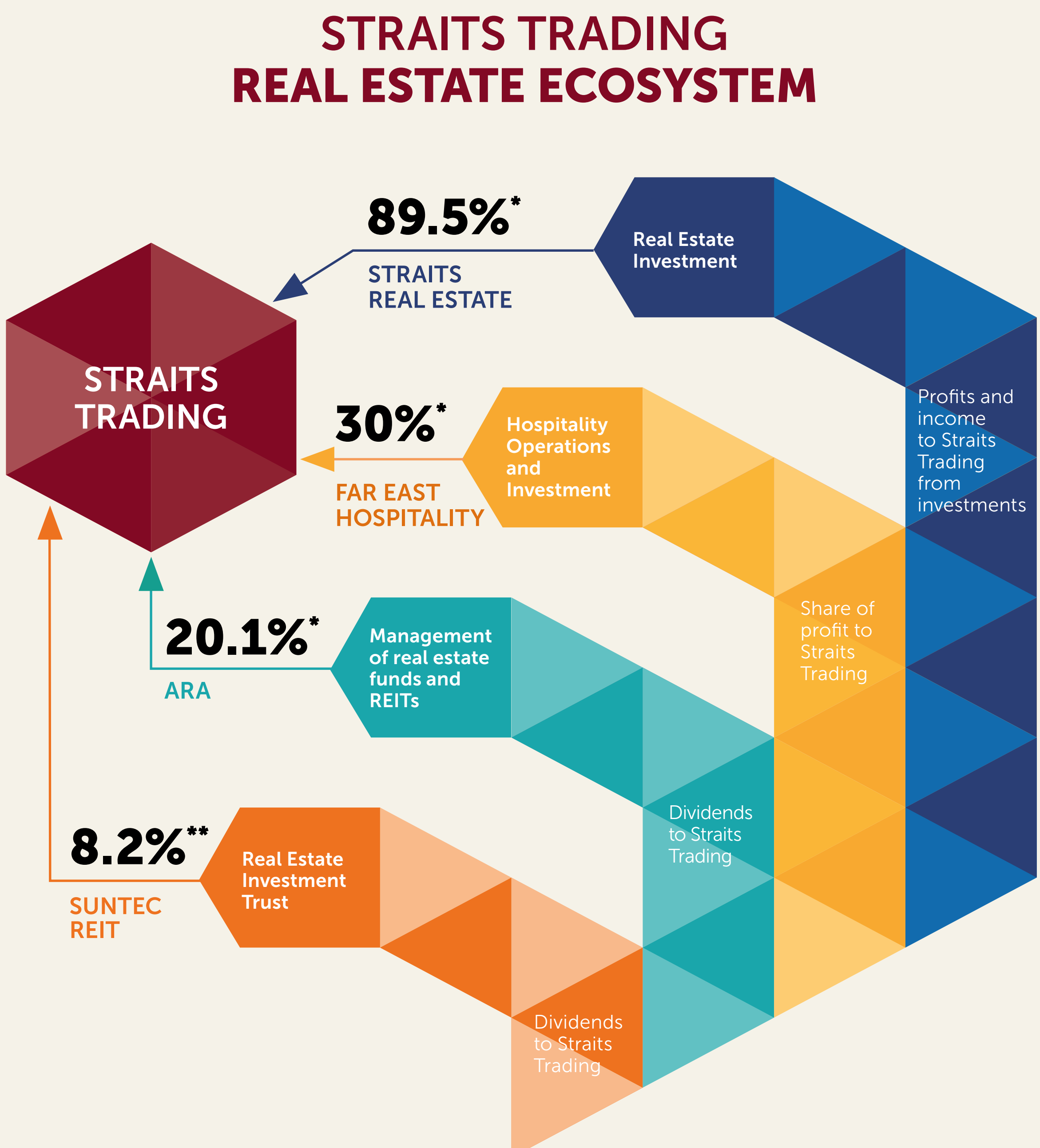
SIP will continue to look to maximise the yield on its remaining real estate portfolio while concurrently looking for attractive opportunities for asset divestment.

[1] Adjusted for (i) gain / (loss) on fair valuation / disposal of financial assets; (ii) acquisition, divestment and performance fees; (iii) bargain purchase arising from acquisition; (iv) impairment on available for sale financial assets; (v) gain / (loss) on disposal of investments and (vi) performance-based bonuses

REAL ESTATE ECOSYSTEM

Straits Trading's real estate ecosystem, anchored by its investments in the various real-estate-related businesses, is integral to its real estate strategy. This ecosystem leverages on Straits Trading's wide business networks for deal flow and to access investment opportunities that create value. As the platforms interact, they generate additional streams of fee income and create avenues for capital to be allocated to investments with higher returns, whether it is direct investments in real estate, seeding and sponsoring real estate funds or investing in real estate securities.

The investments by Straits Real Estate in ARA Harmony Fund III and SDF I, both managed by ARA, also illustrate how Straits Trading has been able to leverage off the collective competencies of its various real estate related businesses to tap a wide spectrum of real estate related opportunities that was not possible before. As these platforms continue to develop and evolve, they will further buttress the real estate ecosystem and reinforce its value.

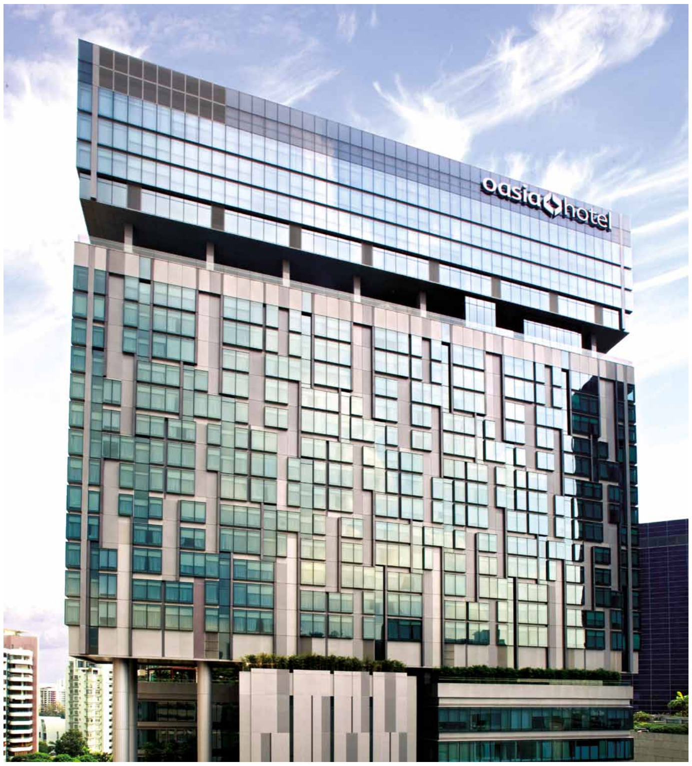


*Direct interest
**Aggregate interest

YEAR IN REVIEW

HOSPITALITY

Vibe Hotel, Melbourne, Australia



Oasia Hotel, Singapore

FAR EAST HOSPITALITY HOLDINGS PTE. LTD

Far East Hospitality Holdings Pte. Ltd. ("Far East Hospitality"), Straits Trading's 30%-owned joint venture with Far East Orchard Limited, is a scalable platform that enables Straits Trading to tap into growth in the hospitality industry. Today, Far East Hospitality owns and operates a combined portfolio of around 90 hotels and serviced residences with over 13,000 rooms in seven countries – Australia, New Zealand, Denmark, Germany, Hungary, Malaysia and Singapore. In Singapore, it operates one of the city-state's largest hospitality portfolios comprising 18 hotels and serviced residences. Outside of Singapore and Malaysia, Toga Far East Hotels ("TFE Hotels"), the 50-50 joint venture between Far East Hospitality and Australia's Toga Group, owns and operates hotels and serviced residences.

Far East Hospitality operates a stable of nine unique and complementary brands, including Rendezvous Hotels, Oasia Hotels, Adina Apartment Hotels, Medina Serviced Apartments, The Marque Hotels, The Quincy Hotel, Travelodge Hotels, Vibe Hotels and Village Hotels & Residences.

KEY DEVELOPMENTS

During the course of 2015, Far East Hospitality focused on integrating and streamlining operations across its various platforms. Pipeline projects scheduled to open in 2016 include Oasia Suites Kuala Lumpur in Malaysia, Oasia Hotel Downtown and Oasia Residence in Singapore. Over in Australia and New Zealand, significant developments include the proposed conversion of two properties at 280 George Street, Sydney, and at 171 George Street, Brisbane, into apartment hotels.

FINANCIAL PERFORMANCE

Being a 30%-owned associate of Straits Trading, Far East Hospitality's results are recorded on Straits Trading's books using the equity accounting method. The results from Straits Trading's hospitality segment improved from a loss in FY2014 to a profit after tax of S$2.0 million in FY2015.

OUTLOOK

The hospitality industry in Singapore is facing headwinds from lower than forecast visitor arrivals, high supply of new rooms coming into the market and a weak global economic environment. In Australia and New Zealand, the tourism sector is buoyant, but performance is affected by the weaker Australian and New Zealand currencies.

However, Far East Hospitality has been repositioning its asset base through refurbishments and other enhancements, and will continue to grow its business by securing new management contracts and investing selectively in accretive assets.

YEAR IN REVIEW

RESOURCES

Rahman Hydraulic open pit tin mine

Straits Trading's 54.8%-owned resources subsidiary, Malaysia Smelting Corporation Berhad ("MSC") is the world's second largest supplier of refined tin.

Against the backdrop of a very volatile industry environment marked by a severe and unprecedented down-cycle in the global resource and commodity sectors, 2015 proved to be a challenging year for MSC.

FINANCIAL PERFORMANCE

Depressed tin prices, coupled with volatile local currency movements in 2015, materially impacted MSC's financial results. MSC registered a lower annual profit before tax of RM3.24 million for the year ended 31 December 2015 ("FY2015"), compared with a year ago. Its pre-tax results were impacted by an unfavourable stock valuation adjustment arising from a lower tin price as at end December 2015 and a net foreign exchange loss. After deducting income tax expenses, MSC reported a net loss of RM4.8 million in FY2015. FY2015 revenue was 23.5% lower at RM1.46 billion from RM1.92 billion in 2014, primarily due to lower sales quantity of refined tin and lower tin prices.

CORE OPERATIONS

MSC's core operations comprising the international tin smelting business at Butterworth and tin mining operation at Northern Perak still managed to achieve a satisfactory performance despite the difficult environment.

International Smelting Business

The Butterworth international smelting operations recorded a pre-tax loss of RM 5.48 million in FY2015. The Butterworth Smelter was smelting close to full capacity and earnings were in line with expectations, but the bottom line was impacted by the unfavourable stock valuation adjustment and foreign exchange loss.

Tin metal production decreased to 30,209 tonnes in 2015 from 34,971 tonnes in 2014 due to lower feed intake numbers. Tin concentrate intake for smelting was slightly lower, but the intake of crude tin for refining fell significantly.

Rahman Hydraulic Tin ("RHT")

RHT, which operates a hard-rock open-pit tin mine in the State of Perak, maintained its position as the largest producer of tin-in-concentrate in Malaysia, accounting for about 57% of the country's tin production in 2015.

All processing plants at the mine operated at full capacity throughout the year, treating ore material mined from the open-pit operation. The 2015 production volume of 2,196 tonnes of tin-in-concentrates was similar to that in 2014. Profit before tax, at RM14.19 million, was 52% lower than that recorded in 2014, mainly attributable to a 12% drop in net realisable tin price compared to 2014. The second half of 2015 was particularly challenging as tin prices plummeted further but RHT was able to remain profitable as USD receipts were converted to higher Malaysian Ringgit, and cost-cutting measures were implemented.

Newly smelted tin ingots ready for delivery

OUTLOOK

The world economy and resource markets are expected to continue to be challenging. While global commodity cycles are unpredictable, the underlying operations of MSC are expected to perform satisfactorily in 2016. MSC will continue to stay focused on its cost rationalisation and optimisation efforts for its core operating divisions to ensure that it remains profitable and sustainable through the current challenging market environment.

SUSTAINABILITY REPORT

MISSION STATEMENT

At The Straits Trading Company Limited ("Straits Trading" or "the Group"), we believe that a sustainable business is dependent on economic vitality, social equity and a healthy environment. We do not see these goals as mutually exclusive, but inextricably linked. As business leaders, we are committed to developing sustainable business practices that meet the needs of the present without compromising the welfare of future generations.

PEOPLE

At Straits Trading, we believe in cultivating an inclusive workplace with a strong emphasis on staff engagement, talent development, career advancement and skills training, while caring for the physical and emotional well-being of our employees. We aim to continuously fine-tune our people management practices to ensure the long-term success and well-being of our staff and businesses.

Developing People

Employees are encouraged to attend relevant training courses to improve themselves. Yearly budgets are provided for training and development programmes.

All employees have to complete their individual development plan at the beginning of each year, to review gaps in their skillsets with their relevant superiors as well as their training and development needs. Relevant and suitable courses will be sourced for employees.

Discussions are held between managers and employees to define long-term objectives and employees are given assignments and skill-building opportunities to expand their scope and achieve their long-term goals. We groom our employees so that they can grow with the Group and be promoted to take on bigger roles and assume greater responsibilities.

Rewarding Performance

Straits Trading adopts a performance-based culture that aligns business priorities, performance improvement and employee development with competitive fixed and variable remuneration. All employees are given annual performance appraisals and their performance is reviewed on a one-on-one basis with their superiors. Performance bonuses are awarded for individual performance and contributions. We also conduct regular benchmarking exercises to provide competitive remuneration packages and benefits.

Engaging Employees

Employees are kept informed of the latest news, policies, and happenings via internal emails, intranet and townhall meetings. A Group-wide intranet platform has been established for employee communication and for employees to access human resource policies, forms, and templates and to share news and information. It is also a platform for all employees to participate in polls and surveys and also a forum to share their thoughts and provide feedback. Townhall meetings are organised for the senior management to meet up with all employees and to share the Group's directions, plans and achievements. Quarterly bonding sessions are also organised on a departmental basis.

CORPORATE GOVERNANCE

Straits Trading is committed to maintaining high standards of corporate governance, fostering a culture of ethics and compliance throughout the organisation and adhering to local laws and regulations in the jurisdictions where we operate. The Group continually seeks to uphold a high standard of corporate governance, which is essential to sustaining the Group's businesses.

More information on the corporate governance practices adopted by the Group can be found in the Report on Corporate Governance on pages 34 to 41 of this Annual Report.

INVESTOR RELATIONS

Straits Trading is committed to maintaining active engagement with its stakeholders. Guided by robust corporate governance and transparency practices, Straits Trading strives to foster good, long-term relationships with shareholders, investors, analysts and the media through regular and consistent communication. Disclosures on material corporate developments are made on an immediate basis as required under SGX guidelines, or as soon as possible where immediate disclosure is not practicable. The Group's corporate website is regularly kept up to date so that accurate and timely information on Straits Trading's financial performance and key announcements can be accessed by stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

At Straits Trading, we view corporate social responsibility ("CSR") as a vital part of corporate life. We feel it is important to give back to the community and contribute to positive and sustainable change. Towards this end, we support projects and causes that are sustainable, with definable social outcomes. We also participate in activities that facilitate active engagement and interaction and which deliver a rich and meaningful experience to our volunteers and beneficiaries alike.

Staff participating in the SGX Bull Charge Charity Run 2015

SGX Bull Charge Charity Run 2015
On 13 November 2015, a group of about 20 staff from the Straits Trading Group and Tecity Group took part in the annual SGX Bull Charge Charity Run 2015. The SGX Bull Charge Charity Run brings together partners from the financial community and SGX-listed companies for a charity run in support of the needs of underprivileged children and families, persons with disabilities, and the elderly. The run was part of a charity drive to raise money for four charities, namely the Asian Women's Welfare Association (AWWA), Autism Association of Singapore (AAS), Fei Yue Community Services (FYCS) and Shared Services for Charities (SSC).

Staff volunteers at the sheltered workshop held at SPD Singapore

Goodie Bag Packing Alongside SPD Beneficiaries
On 17 November 2015, about 20 volunteers from Straits Trading took part in a sheltered workshop at SPD Singapore (formerly known as the Society for the Physically Disabled) working alongside beneficiaries from SPD Singapore to pack about 1,000 goodie bags for the Standard Chartered Marathon. Our volunteers worked hand in hand with the beneficiaries and helped ensure that items were packed properly and adequately. This proved to be an enjoyable, yet enriching experience as it afforded opportunities for our volunteers to engage with the beneficiaries in animated fashion.

As part of this CSR activity, Straits Trading also catered bento lunch sets for the SPD beneficiaries from Metta Café, which is part of Metta School, a Singapore organisation working for the welfare of the less fortunate that runs, among other things, a school for children with special needs.

SUSTAINABILITY INITIATIVES BY SUBSIDIARIES AND ASSOCIATES

Malaysia Smelting Corporation ("MSC")
MSC's sustainability initiatives extend to sustainable business operations, workplace, supply chain and communities, of which environmental management is a key focus area. Rahman Hydraulic Tin, MSC's tin mining division, undertakes a number of environmental sustainability initiatives from managing the discharge of effluents from its mines to reforestation and rehabilitation of mining areas. MSC also participates in the ITRI Tin Supply Chain Initiative (iTSCi) scheme which facilitates the export of conflict free minerals from the Democratic Republic of Congo and its neighbouring countries.

For more information on MSC's sustainability initiatives, please refer to the MSC Annual Report.

ARA Asset Management ("ARA")
As a real estate fund manager, ARA recognises the direct and indirect environmental impact that its business has in the cities that it operates. ARA's green initiatives include saving water through rain water-sourced irrigation systems to water plants, recycling urban waste into green biodiesel fuel, recycling of waste paper and used computer accessories and components, as well as undertaking eco-friendly renovations such as energy-saving LED lighting for buildings.

For more information on ARA's sustainability initiatives, please refer to the ARA Annual Report.

Far East Hospitality Holdings ("Far East Hospitality")
As a leading hospitality operator, Far East Hospitality is dedicated to environmental sustainability through adopting energy-saving innovations and green property management practices. Some of its notable practices include switching from Halogen to LED lighting for its garden façade and other areas, using paint and laminated tiles with Singapore Green Building Product Labelling Scheme (SGBS) and installing latrine systems with Water Efficiency Labelling Scheme (WELS).

Orchard Parade Hotel Singapore and Rendezvous Hotel Singapore, part of Far East Hospitality's portfolio, have been awarded the BCA Green Mark (Gold) and Water Efficient Building Award (Gold) by the Building and Construction Authority of Singapore ("BCA") and Public Utilities Board of Singapore, respectively.

We will continue to develop strategies that enable us to move towards greater sustainability and build lasting relationships with our many stakeholders in society, while continuing to deliver returns to shareholders.

CORPORATE INFORMATION

The Straits Trading Company Limited

BOARD OF DIRECTORS

Chew Gek Khim
Executive Chairman

Elizabeth Sam
Non-Independent and
Non-Executive Director

Chew Gek Hiang
Non-Independent and
Non-Executive Director

Goh Kay Yong David
Non-Independent and
Non-Executive Director

Yap Chee Keong
Non-Independent and
Non-Executive Director

Tham Kui Seng
Independent and
Non-Executive Director

Tan Tiong Cheng
Independent and
Non-Executive Director

Gary Hilton Weiss
Independent and
Non-Executive Director

Chia Chee Ming Timothy
Lead Independent Director

KEY MANAGEMENT PERSONNEL

Chew Gek Khim
Executive Chairman

Yeo Sock Koon Maggie
Chief Financial Officer

COMPANY SECRETARY

Aldric Tan Jee Wei

REGISTERED OFFICE

9 Battery Road #28-01
Straits Trading Building
Singapore 049910

CORPORATE OFFICES

9 Battery Road #28-01
Straits Trading Building
Singapore 049910
Tel : (65) 6422 4288
Fax : (65) 6534 7202
E-mail : straits@stc.com.sg
Website : www.stc.com.sg

Ground Floor
Wisma Straits Trading
2 Lebuh Pasar Besar
50050 Kuala Lumpur
Tel : (603) 2698 7126
Fax : (603) 2693 7542

SHARE REGISTRARS

Tricor Barbinder Share
Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Tan Seng Choon
(Appointed with effect from financial
year ended 31 December 2015)

PRINCIPAL BANKERS

Agricultural Bank of China Limited

CIMB Bank Berhad

Credit Suisse AG

DBS Bank Ltd

The Hongkong and Shanghai Banking Corporation Limited

Malayan Banking Berhad

Oversea-Chinese Banking Corporation Limited

Standard Chartered Bank

UBS AG

United Overseas Bank Limited

FINANCIAL REPORT

REPORT ON CORPORATE GOVERNANCE

The Straits Trading Company Limited (the "**Company**") is committed to high standards of corporate governance. This report describes the Company's corporate governance policies and practices during the financial year ended 31 December 2015 ("**FY2015**") with specific reference to the Code of Corporate Governance 2012 (the "**Code**").

THE BOARD'S CONDUCT OF AFFAIRS *(Principle 1)*

The Board provides policy direction and entrepreneurial leadership, approves the development and implementation of corporate strategies, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. In addition, the Board establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets.

The Board also sets the Company's values and standards, and ensures that its obligations to all stakeholders are met and understood. While the Board remains responsible for providing oversight in the preparation and presentation of the financial statements, it has delegated to the Management the task of ensuring that the financial statements are drawn up and presented in compliance with the relevant provisions of the Singapore Companies Act, Chapter 50 and the Singapore Financial Reporting Standards.

The Board has appointed the Executive Chairman to oversee the Management, and the Lead Independent Director to ensure continued good governance. Supported by the Board committees, namely the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"), the Board also approves the appointment of Board members, key business initiatives, major investments and funding decisions, and interested person transactions. The Company has in place the Financial Authority Limit Policy ("**FAL**") which was approved by the Board as the mechanism through which the Board or its delegate approves transactions and financial commitments within the Company and its subsidiaries (the "**Group**"). It is the responsibility of the Management to ensure that transactions presented to the Board for approval have satisfied all other Group policies and procedures. The FAL covers the authorisation limits of the Group's activities such as investment activities, financing and debt management, foreign exchange and interest rate risk management, and capital and operating expenditure.

For the Company's various projects, the Board has from time to time delegated authority to certain ad-hoc committees of the Board comprising two or more Directors, to provide detailed supervision and strategic oversight of such projects. Such ad-hoc Board committees meet on a regular basis to provide strategic direction to the Management in the conduct of the projects.

The Board met six times in FY2015. Meetings by means of a conference telephone or similar communication equipment are permitted in the Company's Articles of Association. The Directors' attendance at the Board and the various Board committees' meetings during FY2015 are as follows:

Name of Director	Board	Remuneration Committee	Nominating Committee	Audit Committee
Number of meetings held	6	1	2	6
Attendance				
Ms Chew Gek Khim	6		2	
Mr Razman bin Ariffin	6	1		6
Mrs Elizabeth Sam	6			
Ms Chew Gek Hiang	6	1		6
Mr Goh Kay Yong David	6			
Mr Yap Chee Keong	6			5
Mr Tham Kui Seng	6	1	2	
Mr Tan Tiong Cheng	6		2	4
Dr Gary Hilton Weiss	5			6
Mr Chia Chee Ming, Timothy[1]	5			

Legend:

1 Appointed as Director on 27 February 2015 and attended all Board meetings held thereafter.

Apart from the six Board meetings of the Directors, the Board also held an off-site retreat with the Management in FY2015 to strategise and plan the Group's longer term strategy and direction.

New Directors appointed to the Board were provided with information packs to familiarise themselves with the Company's business and governance guidelines. In addition, newly appointed Directors were inducted to the Company's business through orientation sessions and/or Board retreats.

BOARD COMPOSITION AND GUIDANCE *(Principle 2)*

For FY2015, the Board comprised 10 Directors, nine of whom were non-executive. For FY2015, five out of the 10 Directors were independent. The Board, in concurrence with the NC, was of the view that, taking into account the Company's scope of operations and its business requirements, the current size of the Board is appropriate. The Board considers an independent Director to be one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company.

The Directors provided objective and independent judgement to the decision making of the Board. The non-executive Directors of the Company participated constructively and reviewed the Group's operations, budgets and strategies. They also assessed the effectiveness of the Board's processes and activities in meeting set objectives and corporate governance standards.

The Board as a group has the core competencies, such as accounting or finance, business or management experience, legal and industry knowledge, and strategic planning experience. Key information on the Directors are set out in pages 8 to 12.

EXECUTIVE CHAIRMAN *(Principle 3)*

The Board is led by Ms Chew Gek Khim as the Executive Chairman. Ms Chew assumed the Chair on 24 April 2008 and was appointed Executive Chairman on 1 November 2009.

As Chairman of the Board, Ms Chew's duties include leading the Board, setting the Board agenda and ensuring that all Directors receive sufficient relevant information (both financial and non-financial) to enable them to participate and contribute effectively in Board discussions and decisions. She aims to promote openness and constructive relations between the Board members, and between the Board and the Management, and ensures effective communication with shareholders. Ms Chew also advocates high standards of corporate governance.

As the Executive Chairman, Ms Chew takes on executive oversight of the Management of the business segments. The Management is responsible for the daily management of the businesses and implementation of the Board's policies and decisions as well as ensuring compliance with the corporate governance policies of the Company as these relate to the respective business segments. The Management reports to the Board and is managed through the strategies adopted and monitored through the key performance indicators set for them.

LEAD INDEPENDENT DIRECTOR *(Principle 3)*

In line with the recommendations set out in the Code, the Company has appointed a Lead Independent Director. Mr Chia Chee Ming, Timothy was appointed as an Independent Non-Executive Director and the Lead Independent Director on 27 February 2015.

The Lead Independent Director's role includes being available to shareholders to address any of their concerns and acting as the principal liaison between the independent Directors, and the Executive Chairman on critical issues.

REPORT ON CORPORATE GOVERNANCE

BOARD MEMBERSHIP *(Principle 4)*

The Company has an NC comprising three Directors, the majority of whom, including the NC Chairman, are independent. The NC was chaired by Mr Tham Kui Seng until 13 November 2015. The other members of the NC are Ms Chew Gek Khim and Mr Tan Tiong Cheng. On 13 November 2015, Mr Tham stepped down as NC Chairman but remained as a member of the NC and Mr Tan stepped down as a member of the NC. Mr Chia Chee Ming, Timothy was appointed as member and Chairman of the NC on the same day.

The Company has adopted a formal and transparent process for the appointment of new Directors through the NC which reviews the background of and conducts interviews with all candidates and makes recommendations accordingly to the Board for approval.

The functions of the NC include the evaluation of the Board's effectiveness, each Director's contributions and independence, as well as making recommendations on the appointment and re-nomination of Directors for the Board. The role and functions of the NC are set out in its Terms of Reference.

The NC reviews and assesses the independence of the Directors at least once a year. The Directors are required to submit declarations of independence annually and report to the Company immediately on any changes to their external appointments, interest in shares and other relevant information. For FY2015, the Board, having taken into account the views of the NC, considered Mr Razman bin Ariffin, Mr Tham Kui Seng, Mr Tan Tiong Cheng, Dr Gary Hilton Weiss and Mr Chia Chee Ming, Timothy to be independent.

With the guidance of the NC, the Company had arranged for continuing education in a number of areas, including updates on changes in the Companies Act and key audit matters reporting, for the Directors during FY2015 to enhance their performance as Board and Board committee members.

As the Directors have given sufficient time and effort to the Company's matters, notwithstanding their multiple directorships and appointments, the Board was of the view that there was no necessity to regulate the maximum number of listed company board representations that the Directors may hold.

BOARD PERFORMANCE *(Principle 5)*

The Company has in place a process to assess the Board's effectiveness as a whole. The evaluation is carried out annually with each Director making his assessment by providing feedback to the NC through a Board assessment questionnaire.

In evaluating the performance of the individual Directors and the Board, the NC considers, amongst others, the Directors' attendance, contribution and participation at the Board and Board committee meetings, Directors' individual evaluations and the overall effectiveness of the Board.

ACCESS TO INFORMATION *(Principle 6)*

Information is important to the Board's understanding of the Group's businesses and essential to preparing the Board members for effective meetings. Where required, the Management supplements the meeting papers with presentations on active operations and strategic issues to provide Directors with a better understanding of the Group's operations. Management is invited to attend the meetings to answer enquiries from the Directors. The Directors have access to Board and Board committees papers through a secure web portal.

The Directors have separate and independent access to the Management and the services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. The Company Secretary also assists the Chairman by ensuring good information flows within the Board and its committees, and between the Management and the non-executive Directors. The Company Secretary attends all Board meetings and his appointment or removal is subject to the Board's approval.

In the furtherance of their duties and if the Management's explanations are not satisfactory, the Directors may seek independent professional advice at the Company's expense.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES *(Principle 7)*
LEVEL AND MIX OF REMUNERATION *(Principle 8)*

The Board has an RC comprising three non-executive Directors, the majority of whom, including the RC Chairman, are independent. For FY2015, Mr Razman bin Ariffin chaired the RC and Ms Chew Gek Hiang and Mr Tham Kui Seng were the other two members. Following the resignation of Mr Razman bin Ariffin on 18 March 2016, the Board appointed Mr Tham Kui Seng and Mr Tan Tiong Cheng as the Chairman and member of the RC respectively on 18 March 2016.

The functions of the RC include the recommendation of a framework of remuneration for the Board and key management personnel, and the recommendation of specific remuneration packages for the Executive Chairman and key management personnel for the Board's approval. The role and functions of the RC are set out in the Terms of Reference of the RC.

The Company has adopted a performance-based approach to compensation where employees' remuneration is linked to individual and corporate performances. The RC sees the importance of a market competitive remuneration strategy to attract, retain and motivate employees to high performance that creates value for the shareholders. Remuneration is determined according to the following general components: salary, contractual bonus and performance bonus. Presently, the Company does not have any share option scheme.

Taking into account the performance of the Group and the responsibilities and performance of the Directors, Directors' fees (for the Board and the various Board committees) were set in accordance with a remuneration framework comprising responsibility fees and attendance fees. The Executive Chairman does not receive any Director's fees. Non-executive Directors are paid Director's fees, subject to approval at the annual general meeting. The non-executive Directors have no service contracts. No individual Director fixes his or her own remuneration.

DISCLOSURE ON REMUNERATION *(Principle 9)*

The summary compensation table for the Directors of the Company in all capacities for FY2015 is as follows:

Name of Director	Salary	Bonus	Benefits in kind	Directors' fees	Total
S$750,000 – S$999,999					
Ms Chew Gek Khim	100%	–	–	–	100%
Below S$250,000					
Mr Razman bin Ariffin	–	–	–	100%	100%
Mrs Elizabeth Sam	–	–	–	100%	100%
Ms Chew Gek Hiang	–	–	–	100%	100%
Mr Goh Kay Yong David	–	–	–	100%	100%
Mr Yap Chee Keong	–	–	–	100%	100%
Mr Tham Kui Seng	–	–	–	100%	100%
Mr Tan Tiong Cheng	–	–	–	100%	100%
Dr Gary Hilton Weiss	–	–	–	100%	100%
Mr Chia Chee Ming, Timothy	–	–	–	100%	100%

There are no employees of the Group who are immediate family members of a Director, and whose remuneration exceeds S$50,000 a year.

The summary compensation table for the key management personnel (who are not Directors) in bands of S$250,000 for FY2015 is as follows:

Name of Key Management Personnel	Salary	Bonus	Benefits in kind	Total
S$250,000 – S$499,999				
Ms Yeo Sock Koon	76%	18%	6%	100%
Below S$250,000				
Ms Thai Kum Foon[1]	99%	–	1%	100%

Note:

[1] Remuneration is for the period from 1 January 2015 to 31 March 2015.

Due to the sensitivity and confidentiality of remuneration matters, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Director and key management personnel. For the purpose of the Code, the Company had two key management personnel (who are not Directors).

The total remuneration paid to the two key management personnel (who are not Directors) in FY2015 amounted to S$664,934.

ACCOUNTABILITY *(Principle 10)*

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide shareholders with a balanced and detailed analysis, explanations and assessment of the Company's and the Group's performance, financial position and prospects.

The Management currently provides the Board with balanced and understandable accounts of the Company's performance, financial position and business prospects on a monthly basis.

AUDIT COMMITTEE *(Principle 12)*

For FY2015, the AC, chaired by Mr Razman bin Ariffin, an Independent and Non-Executive Director, comprised five non-executive Directors, the majority of whom were independent. The other members of the AC were Ms Chew Gek Hiang, Mr Yap Chee Keong, Mr Tan Tiong Cheng and Dr Gary Hilton Weiss. Following Mr Razman bin Ariffin's resignation on 18 March 2016, the Board appointed Dr Gary Hilton Weiss and Mr Chia Chee Ming, Timothy as the Chairman and member of the AC respectively on 18 March 2016.

All members of the AC are financially literate and have accounting or related financial management expertise or experience.

The role of the AC is documented in the Terms of Reference approved by the Board. The Terms of Reference defines the purpose, authority and responsibilities of the AC. The AC has the power to conduct or authorise investigations into any matters within its scope of responsibilities. The Board is updated by the AC Chairman on the significant issues discussed at the AC meetings.

In performing its functions, the AC reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the internal and external auditors. The AC also meets with the internal and external auditors on a quarterly basis to review their findings and effectiveness.

To assist the discharging of its functions, the AC is provided with adequate resources, has full access to and co-operation of the Management and the internal auditors, and has full discretion to invite any Director or executive officer to attend its meetings. All major findings and recommendations are brought to the attention of the Board of Directors.

The AC reviews interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The AC also reviews the consolidated financial statements and the auditors' report, as well as related announcements to shareholders and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") before submission to the Board.

The AC has reviewed and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. Accordingly, it has recommended to the Board the nomination of the external auditors, Ernst & Young LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 29 April 2016. In FY2015, the AC met once with the external auditors without the presence of the Management.

The details of the remuneration paid to the external auditors for FY2015 are as follows:

	S$'000
Audit fees paid/payable to:	
– Auditors of the Company	406
– Overseas affiliates of the auditors of the Company	250
Non-audit fees paid/payable to:	
– Auditors of the Company	122
– Overseas affiliates of the auditors of the Company	63

The AC, having reviewed the nature and quantum of the non-audit fees, was satisfied that the independence of the external auditors had not been compromised by the provision of the non-audit services.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712, 715 and 716.

WHISTLEBLOWER POLICY

In line with Guideline 12.7 of the Code, the Company has a whistle-blowing procedure in place for employees to raise, in confidence, possible improprieties in matters of financial reporting or other matters. The policy, available on the Company's intranet, aims to foster a workplace conducive to open communication regarding the Company's business practices and to protect the employees from unlawful retaliation and discrimination for the proper disclosing or reporting of illegal or unethical conduct in good faith.

Complaints may be made to the designated officers by telephone, email or under confidential mail. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. A summary of the reports received, investigation results and subsequent actions taken are reported to the AC on a quarterly basis. Under certain circumstances, the AC will be informed of any complaint, as soon as practicable.

RISK MANAGEMENT AND INTERNAL CONTROLS *(Principle 11)*

The Board recognises that it is responsible for risk governance and ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Board appreciates that risk management is an on-going process in which the Management continuously participate to evaluate, monitor and report to the Board and AC on significant risks.

The AC under its Terms of Reference as delegated by the Board, has the responsibility to oversee the Group's risk management framework and policies.

The Group has engaged KPMG Services Pte. Ltd. to develop and implement a Board Assurance Framework which includes an enterprise risk management framework to identify the significant risks facing each major business segment, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans taken to mitigate those risks. The Group has also developed a risk governance structure, which provides details on the roles and responsibilities for the Board and Management in risk monitoring, escalation, mitigation and reporting.

The Group has established key risks indicators with tolerance limits to monitor movements in its significant risks and to proactively manage them within acceptable levels. These key risk indicators have been reviewed and approved by the Board and they are also monitored on a quarterly basis.

The internal auditors regularly review all significant controls, policies and procedures and highlight all significant matters to the Management and the AC.

During FY2015, the Board and AC reviewed the adequacy and effectiveness of the Group's internal controls in relation to the significant risks, including financial, operational, compliance and information technology controls, and risk management systems. Based on the work performed by the external and internal auditors, Management's representations and Board enquiries and discussions, the Board is assured that the Group's risk management and internal controls systems are adequate and effective. In addition, the Board has received assurance from the Executive Chairman and Chief Financial Officer that the financial records have been properly maintained and properly drawn up in accordance with the Companies Act and Singapore Financial Reporting Standards and are not false or misleading in any material aspect, and give a true and fair view of the Group's operations and finances and that the Group's risk management and internal control systems are effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by and assurance from the Executive Chairman and Chief Financial Officer, the internal auditors, the AC and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2015.

However, the Board is also aware that such a system can only provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide a complete assurance against human error, poor judgement in decision making, losses, fraud or other irregularities.

INTERNAL AUDIT *(Principle 13)*

The Company's internal audit function has been outsourced to KPMG Services Pte. Ltd. The internal auditors reported directly to the Chairman of the AC on audit matters.

In carrying out its duties, the internal auditors have adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

For FY2015, the AC reviewed and approved the annual internal audit plans and ensured that the internal audit functions were adequately resourced with competence, and had appropriate standing within the Group and cooperation of the Management to carry out its duties effectively.

COMMUNICATION WITH SHAREHOLDERS *(Principle 15)*

The Company takes a serious view of maintaining full and adequate disclosure, in a timely manner, of material events and matters concerning its businesses through SGXNET announcements, press releases, circulars to shareholders and Annual Reports.

In addition, shareholders and the public can access information pertaining to the Company's businesses, media releases and other corporate information via its website. The Company's Corporate Communications and Investor Relations departments also facilitate effective and unbiased communications with shareholders, analysts, fund managers and the media. The Company's website provides the contact details for investors to submit their feedback and queries.

The Company endeavours to provide as much and as prompt information as is possible to its shareholders, taking into account the legal and regulatory framework governing the release of material and price-sensitive information. The Company releases all price-sensitive information through SGXNET.

At the Company's annual general meeting in 2015, a presentation on the Company's business was made to the shareholders. These presentation slides were also uploaded on SGX-ST through SGXNET and the Company's website. Shareholders are encouraged to ask questions both about the resolutions being proposed and about the Group's operations in general. The Articles of Association of the Company permit a member of the Company to appoint not more than two proxies to attend and vote instead of the member. As there is still a major concern on the security of information transmitted over the Internet, the Board has decided that it is not appropriate, for the time being, to amend its Articles of Association to allow for in absentia voting methods.

The Company ensures that separate resolutions are proposed at general meetings on each distinct issue. The external auditors, the chairpersons of the various Board committees and where necessary, the legal advisers are present to assist the Directors in addressing any relevant queries by shareholders.

To enhance participation by shareholders, the Company puts all resolutions at general meetings to vote by poll and announces the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The polling results are also announced on SGX-ST and the Company's website.

DEALINGS IN SECURITIES

The Group has issued internal guidelines on dealings in the securities of the Company to the Directors and employees of the Company and its subsidiaries, advising them, amongst others, not to deal in the securities of the Company on short-term considerations. On a quarterly basis, the Directors and employees are advised of the prohibitions in dealings in the securities of the Company during the period commencing two weeks before the announcement of the Group's quarterly financial statements, and one month before the Group's full year financial statements, and ending on the respective announcement dates, and while they are in possession of material price-sensitive information which is generally not available.

DIRECTORS' STATEMENT

The Directors have pleasure in submitting their statement to the members together with the audited financial statements of The Straits Trading Company Limited (the Company) and consolidated financial statements of the Group for the year ended 31 December 2015.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheets of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, cash flows of the Group and of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORATE

The Directors in office at the date of this report are:

Ms Chew Gek Khim (Executive Chairman)
Mr Razman bin Ariffin (resigned on 18 March 2016)
Mrs Elizabeth Sam
Ms Chew Gek Hiang
Mr Goh Kay Yong David
Mr Yap Chee Keong
Mr Tham Kui Seng
Mr Tan Tiong Cheng
Dr Gary Hilton Weiss
Mr Chia Chee Ming, Timothy (appointed on 27 February 2015)

Mrs Elizabeth Sam retires pursuant to section 153(6) of the Companies Act, Cap. 50 which was in force immediately before 3 January 2016. Mrs Elizabeth Sam has indicated that she will not be seeking re-appointment at the forthcoming Annual General Meeting of the Company.

Mr Goh Kay Yong David and Mr Tan Tiong Cheng retire pursuant to Article 99 of the Articles of Association and being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the register kept under Section 164 of the Companies Act, Cap. 50, the Directors who held office at the end of the financial year had an interest in the shares of the Company and its related corporation as stated below:

Company

(Issued ordinary shares)	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.2015 / Date of appointment	31.12.2015	1.1.2015/ Date of appointment	31.12.2015
Ms Chew Gek Khim	41,200	41,200	–	–
Ms Chew Gek Hiang	23,000	23,000	–	–
Mr Chia Chee Ming, Timothy	3,900	3,900	–	–

Subsidiary

Malaysia Smelting Corporation Berhad

(ordinary shares of RM1 each)	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.2015	31.12.2015	1.1.2015	31.12.2015
Mr Razman bin Ariffin	67,000	67,000	–	–
Ms Chew Gek Khim	400,000	400,000	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2016.

Except as disclosed above, no Director who held office at the end of the financial year had an interest in any shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of their appointment if later, or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director has received or become entitled to receive benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

OPTIONS

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

No shares have been issued during the financial year by virtue of the exercise of an option to take up unissued shares of the Company or any corporation in the Group.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The Audit Committee performs the functions specified in Section 201B(5) of the Companies Act, Cap. 50. The Audit Committee reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It meets with the Company's internal and external auditors to discuss the results of their respective examinations and the internal auditors' evaluation of the Company's system of internal accounting and financial controls. The Audit Committee reviews interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Audit Committee also reviews the consolidated financial statements and the auditor's report, as well as announcements to shareholders and the Singapore Exchange Securities Trading Limited before submission to the Board. During the financial year, the Audit Committee met once with the external and internal auditors, without the presence of Management. The Audit Committee annually reviews the independence of the external auditor and recommends to the Board, the external auditor to be appointed. Further details on the Audit Committee are disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board

Chew Gek Khim
Director

Gary Hilton Weiss
Director

Singapore
24 March 2016

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015
To the Members of The Straits Trading Company Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Straits Trading Company Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 47 to 159, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015
To the Members of The Straits Trading Company Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
24 March 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Continuing operations			
Revenue			
Tin mining and smelting revenue		**528,493**	743,364
Property revenue	4	**11,456**	21,392
Total revenue		**539,949**	764,756
Other items of income/(loss)			
Dividend income	5	**25,407**	8,193
Interest income	6	**10,485**	5,395
Fair value changes in investment properties	16	**(4,819)**	(4,021)
Other (loss)/income	7	**(19,937)**	35,093
		551,085	809,416
Other items of expense			
Employee benefits expense	8	**(26,613)**	(29,513)
Depreciation expense	15	**(3,187)**	(2,925)
Amortisation expense	17	**(687)**	(683)
Impairment losses	9	**(294)**	(1,267)
Costs of tin mining and smelting		**(481,112)**	(686,533)
Finance costs	10	**(15,714)**	(29,748)
Other expenses	11	**(41,077)**	(40,531)
Total expenses		**(568,684)**	(791,200)
Share of results of associates and joint ventures		**28,475**	14,866
Profit before tax from continuing operations	12	**10,876**	33,082
Income tax expense	13	**(3,391)**	(9,184)
Profit after tax from continuing operations		**7,485**	23,898
Discontinued operations			
Loss after tax from discontinued operations	25	**–**	(7,704)
Profit after tax		**7,485**	16,194
Attributable to:			
Owners of the Company			
Profit after tax from continuing operations		**8,549**	20,548
Loss after tax from discontinued operations		**–**	(1,962)
Profit attributable to owners of the Company		**8,549**	18,586
Non-controlling interests			
(Loss)/Profit after tax from continuing operations		**(1,064)**	3,350
Loss after tax from discontinued operations		**–**	(5,742)
Loss after tax attributable to non-controlling interests		**(1,064)**	(2,392)
Earnings per share from continuing operations attributable to owners of the Company (cents per share)	14		
Basic		**2.1**	5.0
Diluted		**2.1**	5.0
Earnings per share (cents per share)	14		
Basic		**2.1**	4.6
Diluted		**2.1**	4.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	2015 $'000	2014 $'000
Profit after tax	**7,485**	16,194
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net revaluation surplus on property, plant and equipment	**1,460**	1,326
Share of revaluation surplus on property, plant and equipment of associates	**6,750**	5,437
	8,210	6,763
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in available-for-sale investment securities	**(42,319)**	24,422
Net fair value changes in cash flow hedges	**(812)**	(1,273)
Currency translation reserve	**(15,296)**	8,766
Share of reserves of associates and joint ventures	**(9,573)**	1,100
Reversal of fair value changes on investment securities re-designated as marketable securities	**–**	1,050
	(68,000)	34,065
Other comprehensive income after tax for the year	**(59,790)**	40,828
Total comprehensive income for the year	**(52,305)**	57,022
Attributable to:		
Owners of the Company	**(44,162)**	54,736
Non-controlling interests	**(8,143)**	2,286
Total comprehensive income for the year	**(52,305)**	57,022
Attributable to:		
Owners of the Company		
Total comprehensive income after tax from continuing operations	**(44,162)**	50,895
Total comprehensive income after tax from discontinued operations	**–**	3,841
Total comprehensive income for the year attributable to owners of the Company	**(44,162)**	54,736

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2015

		Group		Company	
	Note	**2015**	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
Assets					
Non-current assets					
Property, plant and equipment	15	**34,434**	35,737	**174**	244
Investment properties	16	**606,010**	399,763	**32,371**	53,135
Goodwill	17(a)	**17,604**	20,247	**–**	–
Other intangible assets	17(b)	**6,655**	7,650	**–**	–
Subsidiaries	18	**–**	–	**125,237**	209,737
Associates and joint ventures	19	**558,616**	428,192	**2,708**	2,708
Deferred tax assets	20	**1,599**	1,550	**–**	–
Other non-current receivables	21	**1,855**	2,263	**–**	–
Investment securities	22(a)	**201,576**	202,488	**–**	–
Other non-current assets	24	**987**	75,626	**–**	–
Total non-current assets		**1,429,336**	1,173,516	**160,490**	265,824
Current assets					
Assets/Disposal group classified as held for sale	25	**17,771**	46,836	**17,771**	–
Development properties for sale	26	**70**	237	**–**	–
Inventories	27	**88,820**	96,085	**–**	–
Income tax receivables		**3,526**	1,368	**–**	26
Prepayments and accrued income		**1,854**	1,365	**1**	1
Trade and other receivables	21	**126,297**	113,827	**866,263**	558,079
Marketable securities	22(b)	**178,282**	78,699	**–**	–
Derivative financial instruments	23	**200**	–	**–**	–
Cash and cash equivalents	28	**239,325**	480,170	**105,579**	387,410
Total current assets		**656,145**	818,587	**989,614**	945,516
Total assets		**2,085,481**	1,992,103	**1,150,104**	1,211,340
Equity and liabilities					
Equity					
Share capital	29	**568,968**	568,968	**568,968**	568,968
Retained earnings	30	**782,253**	787,375	**86,250**	89,069
Other reserves	30	**(54,057)**	(1,596)	**(18,079)**	(8,174)
Reserve of disposal group classified as held for sale	25	**–**	250	**–**	–
Equity attributable to owners of the Company		**1,297,164**	1,354,997	**637,139**	649,863
Non-controlling interests		**73,049**	50,901	**–**	–
Total equity		**1,370,213**	1,405,898	**637,139**	649,863
Non-current liabilities					
Provisions	31	**5,923**	3,916	**–**	–
Deferred tax liabilities	20	**5,654**	6,051	**2,806**	3,291
Borrowings	32	**373,985**	243,276	**–**	–
Derivative financial instruments	23	**24**	181	**–**	–
Other non-current liabilities	33	**465**	320	**–**	–
Total non-current liabilities		**386,051**	253,744	**2,806**	3,291

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2015

		Group		Company	
	Note	**2015**	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
Current liabilities					
Liabilities directly associated with disposal group classified as held for sale	25	**–**	27	**–**	–
Provisions	31	**22,756**	28,134	**19,585**	23,477
Income tax payable		**2,083**	1,682	**442**	199
Trade and other payables	34	**122,962**	77,480	**490,132**	534,510
Borrowings	32	**177,682**	222,996	**–**	–
Derivative financial instruments	23	**3,734**	2,142	**–**	–
Total current liabilities		**329,217**	332,461	**510,159**	558,186
Total liabilities		**715,268**	586,205	**512,965**	561,477
Total equity and liabilities		**2,085,481**	1,992,103	**1,150,104**	1,211,340

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Retained earnings $'000	AFS reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Reserve of disposal group classified as held for sale $'000	Non-controlling interests $'000
Opening balance at 1 January 2015	1,405,898	1,354,997	568,968	787,375	19,102	(1,367)	8,034	(27,365)	250	50,901
Total comprehensive income for the year	(52,305)	(44,162)	–	8,549	(43,024)	(444)	7,544	(16,491)	(296)	(8,143)
Contributions by and distributions to owners										
Dividend on ordinary shares (note 35)	(16,324)	(16,324)	–	(16,324)	–	–	–	–	–	–
Dividend to non-controlling interests	(61)	–	–	–	–	–	–	–	–	(61)
Unclaimed dividends written back	2,660	2,660	–	2,660	–	–	–	–	–	–
Contribution of capital by non-controlling interests	30,345	–	–	–	–	–	–	–	–	30,345
Total contributions by and distributions to owners	16,620	(13,664)	–	(13,664)	–	–	–	–	–	30,284
Changes in ownership interests in subsidiaries										
Dilution of ownership interests in subsidiaries that do not result in a loss of control	–	(7)	–	(7)	–	–	–	–	–	7
Total changes in ownership interests in subsidiaries	–	(7)	–	(7)	–	–	–	–	–	7
Total transactions with owners in their capacity as owners	16,620	(13,671)	–	(13,671)	–	–	–	–	–	30,291
Others										
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	–	–	(46)	46	–
Total others	–	–	–	–	–	–	–	(46)	46	–
Closing balance at 31 December 2015	**1,370,213**	**1,297,164**	**568,968**	**782,253**	**(23,922)**	**(1,811)**	**15,578**	**(43,902)**	**–**	**73,049**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Retained earnings $'000	AFS reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Reserve of disposal group classified as held for sale $'000	Non-controlling interests $'000
Opening balance at 1 January 2014	1,352,243	1,316,585	568,968	784,145	(6,924)	(363)	1,893	(25,901)	(5,233)	35,658
Total comprehensive income for the year	57,022	54,736	–	18,586	26,026	(1,004)	6,182	(703)	5,649	2,286
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares (note 35)	(16,324)	(16,324)	–	(16,324)	–	–	–	–	–	–
Contribution of capital by non-controlling interests	4,900	–	–	–	–	–	–	–	–	4,900
Total contributions by and distributions to owners	(11,424)	(16,324)	–	(16,324)	–	–	–	–	–	4,900
Total transactions with owners in their capacity as owners	(11,424)	(16,324)	–	(16,324)	–	–	–	–	–	4,900
<u>Others</u>										
Sale of disposal group classified as held for sale	7,940	–	–	927	–	–	–	–	(927)	7,940
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	–	–	(761)	761	–
Sale of a subsidiary	–	–	–	41	–	–	(41)	–	–	–
Acquisition of a subsidiary	117	–	–	–	–	–	–	–	–	117
Total others	8,057	–	–	968	–	–	(41)	(761)	(166)	8,057
Closing balance at 31 December 2014	1,405,898	1,354,997	568,968	787,375	19,102	(1,367)	8,034	(27,365)	250	50,901

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2015

	2015 $'000	2014 (restated) $'000
Cash flows from operating activities		
Profit before tax from continuing operations	**10,876**	33,082
Loss before tax from discontinued operations	**–**	(7,704)
Profit before tax	**10,876**	25,378
Adjustments		
Depreciation of property, plant and equipment	**3,187**	2,957
Amortisation of intangible assets	**687**	683
Dividend income	**(25,407)**	(8,193)
Interest income	**(10,485)**	(5,395)
Finance costs	**15,714**	29,748
Currency realignment	**11,379**	5,216
Fair value changes in investment properties and financial assets	**20,413**	5,388
Net gain on disposal of property, plant and equipment, investment properties and subsidiaries	**(770)**	(28,291)
Write down of inventories	**4,698**	1,211
Impairment losses of investments, property, plant and equipment	**294**	1,267
Write off/Provision for liabilities, exploration costs and other assets	**2,444**	12,087
Provision for employee benefits and receivables	**819**	2,325
Share of results of associates and joint ventures	**(28,475)**	(14,866)
Operating cash flows before changes in working capital	**5,374**	29,515
Decrease in development properties for sale	**156**	97
(Increase)/Decrease in inventories	**(9,946)**	6,932
Increase in marketable securities	**(114,608)**	(64,033)
Increase in trade and other receivables	**(18,559)**	(11,004)
Increase/(Decrease) in trade and other payables	**36,347**	(13,407)
Cash flows used in operations	**(101,236)**	(51,900)
Income taxes paid	**(5,809)**	(15,562)
Payment of finance costs	**(15,705)**	(28,310)
Interest received	**9,457**	3,860
Dividend income	**15,400**	1,385
Net cash flows used in operating activities	**(97,893)**	(90,527)

Please refer to note 44 on certain reclassifications to better reflect the cash flow presentation.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2015

	2015 $'000	2014 (restated) $'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and investment properties	**43,046**	459,362
Cost incurred on property, plant and equipment	**(4,990)**	(6,507)
Cost incurred on investment properties	**(197,994)**	(4,171)
Initial payment on a property	**–**	(74,285)
Proceeds from disposal of investment securities	**–**	47,287
Investment in associates	**(114,983)**	–
Purchase of investment securities	**(38,924)**	(180,887)
Payment for deferred mine exploration and evaluation expenditure and mine properties	**(678)**	(2,024)
Net cash outflow on acquisition of a subsidiary	**–**	(186)
Net cash inflow from sale of subsidiaries (note 18 and 25)	**53,030**	208
Shareholder's loan to an associate	**–**	(11,910)
Proceeds from partial return of capital from an associate	**–**	1,287
Dividend income from investment securities, associates and joint ventures	**20,379**	27,834
Currency realignment	**154**	(277)
Net cash flows (used in)/from investing activities	**(240,960)**	255,731
Cash flows from financing activities		
Dividends paid to shareholders (note 35)	**(16,324)**	(16,324)
Loan from a non-controlling shareholder of a subsidiary	**–**	20,950
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**30,345**	4,900
Drawdown of short-term borrowings	**17,599**	51,990
Drawdown of long-term borrowings	**152,294**	220,000
Repayment of long-term borrowings	**(69,086)**	(232,707)
Currency realignment	**(15,522)**	(2,747)
Net cash flows from financing activities	**99,306**	46,062
Net (decrease)/increase in cash and cash equivalents	**(239,547)**	211,266
Effect of exchange rate changes on cash and cash equivalents	**(5,800)**	(948)
Cash and cash equivalents, beginning balance	**484,672**	274,354
Cash and cash equivalents, ending balance (note 28)	**239,325**	484,672

Please refer to note 44 on certain reclassifications to better reflect the cash flow presentation.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The financial statements of The Straits Trading Company Limited (the "Company") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 24 March 2016.

The Straits Trading Company Limited is a limited liability company incorporated and domiciled in Singapore. The registered office of the Company is located at 9 Battery Road #28-01, Straits Trading Building, Singapore 049910. The Company is listed on the Singapore Exchange Securities Trading Limited.

The immediate and ultimate holding company is The Cairns Private Limited, a company incorporated in Singapore.

The principal activity of the Company is that of an investment company. The subsidiaries, associates and joint ventures of the Group are primarily engaged in real estate investment, tin mining and smelting, provision of real estate fund management services, real estate management services and corporate finance advisory services and management of hospitality and other properties as well as operation of hotels.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interests in associates and joint ventures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

Certain new FRS and INT FRS have been published that are mandatory for accounting periods beginning on or after 1 January 2015:

Amendments to FRS 19 Defined Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014)
(a) Amendments to FRS 102 Share Based Payment
(b) Amendments to FRS 103 Business Combinations
(c) Amendments to FRS 108 Operating Segments
(d) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets
(e) Amendments to FRS 24 Related Party Disclosures
Improvements to FRSs (February 2014)
(a) Amendments to FRS 103 Business Combinations
(b) Amendments to FRS 113 Fair Value Measurement
(c) Amendments to FRS 40 Investment Property

The adoption of these standards did not have any significant financial impact on the financial performance or position of the Group and the Company.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
(d) Amendments to FRS 34 Interim Financial Reporting	1 January 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

The directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the period of initial application, except as discussed below:

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group is in the process of reviewing the implications of this standard.

<u>FRS 109 Financial Instruments</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. Retrospective application is required, but comparative information is not compulsory. The Group is in the process of reviewing the implications of this standard.

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (CONT'D)

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
– De-recognises the carrying amount of any non-controlling interest;
– De-recognises the cumulative translation differences recorded in equity;
– Recognises the fair value of the consideration received;
– Recognises the fair value of any investment retained;
– Recognises any surplus or deficit in profit or loss;
– Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combination from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (CONT'D)

(b) Business combinations and goodwill (cont'd)

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

Where the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 FOREIGN CURRENCY

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 SUBSIDIARIES

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 JOINT VENTURES AND ASSOCIATES

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

Net assets of the associates and joint ventures are included in the consolidated financial statements under the equity method based on their latest audited financial statements. Where their financial periods do not end on 31 December, management accounts to 31 December are used. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note 2.22. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 DEPRECIATION AND RESIDUAL VALUES

In the tin mining subsidiary, plant and equipment used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves and resources over the estimated useful lives of the assets. Changes in the estimated economically recoverable ore reserves and resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the change arises.

Depreciation for the remaining assets of the Group is provided on the straight-line method to write off the cost or valuation of relevant assets to their residual values, if any, over their estimated useful lives or life of the mine where appropriate, whichever is shorter. Freehold land has an unlimited useful life and therefore is not depreciated. The estimated useful lives for these remaining assets are as follows:

Leasehold land	–	remaining lease term of 8 to 97 years
Buildings	–	8 to 40 years or the unexpired lease period or life of the mine, whichever is shorter
Plant, equipment and vehicles	–	3 to 40 years
Furniture	–	3 to 10 years
Mine restoration	–	Life of mine

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.11 INVESTMENT PROPERTIES

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

For properties that are being redeveloped for continued future use as investment properties, they are stated at fair values and the associated redevelopment expenditures are stated at cost until redevelopment is completed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(a) Mining rights

Mining rights acquired are stated at their fair values as at the date of acquisition. Following initial recognition, mining rights are carried at cost less accumulated amortisation and impairment losses, if any. Mining rights are amortised based on the unit-of-production method so as to write off the mining rights in proportion to the depletion of the estimated economically recoverable ore reserves and resources. Changes in the estimated economically recoverable ore reserves and resources are accounted for on a prospective basis from the beginning of the year in which the change arises. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 INTANGIBLE ASSETS (CONT'D)

(b) Deferred mine exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised based on the unit-of-production method.

Mine exploration and evaluation expenditures incurred for a new area of interest are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable ore reserves and resources. These costs also include directly attributable employee remuneration, materials used and overhead costs.

Once an economically mineable resource for an area of interest is established and development is sanctioned, such exploration and evaluation expenditure is transferred to mine properties. No amortisation is charged during the exploration and evaluation phase.

A review is carried out annually on the carrying amount of deferred mine exploration and evaluation expenditure to determine whether there is any indication of impairment. Any impairment loss is recognised as an expense in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 INTANGIBLE ASSETS (CONT'D)

(c) Mine properties

Mine properties are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

All expenditures incurred in connection with development activities in respect of each mine property, which includes all activities conducted in the preparation of economically recoverable ore reserves and resources until commercial production are accumulated in respect of each mine property. Exploration and evaluation expenditure is also transferred to mine properties once the work completed to date for the area supports the future development of the property and such development received appropriate approvals. These costs are only deferred to the extent that they are expected to be recouped through the successful development of the area.

Waste removal (stripping) costs incurred during the production phase of a surface mine (production stripping costs) are only capitalised to mine property expenditure when all the following criteria are met:-

a. It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity;
b. The entity can identify the component of an ore body for which access has been improved; and
c. The costs relating to the improved access to that component can be measured reliably.

Expenditure for a mine property which is considered to provide minimal benefit to future periods is recognised as an expense in profit or loss.

When production for a mine property commences, the accumulated cost for the mine property is amortised based on the unit-of-production method so as to write off the expenditure in proportion to the depletion of the estimated economically recoverable ore reserves and resources. Changes in the estimated economically recoverable ore reserves and resources are accounted for on a prospective basis from the beginning of the year in which the changes arise.

A review is carried out annually on the carrying amount of a mine property to determine whether there is any indication of impairment. Any impairment loss is recognised as an expense in profit or loss.

(d) Mine restoration expenditure

Restoration expenditure incurred during the production phase of operations is recognised in profit or loss as part of the cost of production of the mine property concerned.

Significant mine restoration expenditure to be incurred subsequent to the cessation of production of each mine property is provided based on the present value of the estimated expenditure to be incurred.

(e) Club memberships

Club memberships acquired separately are measured on initial recognition at cost. Following initial recognition, club memberships are carried at cost less accumulated impairment losses, if any. Club memberships are amortised on a straight-line basis over their finite useful lives. The amortisation period and amortisation method are reviewed at each financial year-end.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 INVESTMENTS IN DEBT AND EQUITY SECURITIES

When investment securities are recognised initially, they are measured at fair value, plus, in the case of investment securities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, investment securities classified as held-for-trading are measured at fair value with any gain or loss arising from changes in fair value recognised in profit or loss. Investment securities are classified as held-for-trading if they are acquired principally for the purpose of selling in the near term.

Where the Group has the positive intent and ability to hold debt securities to maturity, they are subsequently measured at amortised cost. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. For investment carried at amortised cost, gains or losses are recognised in profit or loss when the investment securities are de-recognised or impaired, and through the amortisation process.

Other investment securities held by the Group, only if they are non-derivatives, are classified as available-for-sale (AFS). After initial recognition, AFS securities are subsequently measured at fair value with any gain or loss arising from changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on AFS securities that are monetary items which are recognised in profit or loss. When these AFS securities are de-recognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

All regular way purchases and sales of investment securities are recognised or de-recognised on trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

The fair value of investment securities that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business at the end of the reporting period. For investment securities where there is no active market, fair value is estimated using a valuation technique based on certain assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values, resulting from the valuation technique which are recorded in the balance sheet are reasonable and the most appropriate, at the end of the reporting period. These investment securities shall, however, be measured at cost less impairment losses if their fair values cannot be reliably estimated.

2.14 BASE INVENTORY

Base inventory is the base recirculating inventory in the smelting process. The value represents the lower of estimated recoverable amounts and cost of 381 tonnes of metallic tin content.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal group are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.16 DEVELOPMENT PROPERTIES

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.17 INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

Cost of trading inventory of refined tin metal is determined on a first-in first-out basis. Cost of inventories of tin-in-concentrates and tin-in-process which have matching sales contract for refined tin metal from tin smelting operations, are stated at the value of such contract less allowance for conversion. This value is consistent with cost, as it is the practice of tin smelting operations of the subsidiary to buy tin-in-concentrates and sell refined tin metal on a back to back price basis.

Absorption costing is used in the mining operations to assign costs to tin inventories using the weighted average cost method which includes both variable and fixed overhead cost components.

Cost of other inventories comprising stores, spares, fuels, coal and saleable by-products is determined on the weighted average cost method. Production cost is not allocated to by-products as it is not material.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 TRADE AND OTHER RECEIVABLES

Trade and other receivables, include amounts due from subsidiaries, associates, joint ventures, related companies and loans to related companies. When recognised initially, they are measured at fair value. Subsequent to initial recognition, the receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the receivables are de-recognised or impaired, and through the amortisation process.

Trade and other receivables are recognised and carried at original invoice amounts less allowances for any uncollectible amounts. Allowance is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

2.19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits that are readily convertible to cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.20 IMPAIRMENT OF ASSETS

(a) Non-financial assets

An assessment is made at each reporting date to determine whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the estimated recoverable amount of that asset is determined.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Calculation of recoverable amount

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs to. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 IMPAIRMENT OF ASSETS (CONT'D)

(a) Non-financial assets (cont'd)

Reversal of impairment

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(b) Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the assets become uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Reversal of impairment

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 IMPAIRMENT OF ASSETS (CONT'D)

(b) Financial assets (cont'd)

(ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Reversal of impairment

Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

Reversal of impairment

Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

For debt instruments, if, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

2.22 BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs.

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

2.24 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 EMPLOYEE BENEFITS

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised when commitment is demonstrated to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2.26 LEASES

(a) Where the group is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as expenses in profit or loss in the periods in which they are incurred.

(b) Where the group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Assets leased out under operating leases are included in property, plant and equipment, investment properties and completed development properties for sale.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same bases as the rental income.

Contingent rents are recognised as income in profit or loss in the financial year in which they are earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 INCOME RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent.

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

Revenue from sale and delivery of refined tin metal and by-products is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from tin warrant and other service charges are recognised upon performance of services.

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Profits from sale of marketable securities are recognised upon conclusion of the contract for sale.

Profits from sale of completed properties are recognised when the significant risks and rewards of ownership of the properties have been transferred to the buyer.

Dividend income from investments is recognised when the Group's right to receive payment is established.

Revenue from sale of properties in the course of development

Where property is under development and agreement has been reached to sell such property when construction is complete, the Directors consider whether the contract comprises:

- A contract to construct a property; or
- A contract for sale of a completed property.

(a) Where a contract is judged to be for construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 INCOME RECOGNITION (CONT'D)

(b) Where the contract is judged to be for the sale of completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements ("SPAs") prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

2.28 TAXES

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 TAXES (CONT'D)

(b) Deferred tax (cont'd)

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 TAXES (CONT'D)

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.29 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and forward commodity contracts, to manage their foreign currency risks, interest rate risks and commodity price risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designate and document the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting will be discontinued in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing within a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree or replace their original counterparty with a new one). Any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness with retrospective application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONT'D)

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

(a) Fair value hedges

The change in the fair value of a hedging derivative is recognised in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is de-recognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

(b) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

(c) Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 FINANCIAL GUARANTEES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.31 DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(a) Financial assets

A financial asset is de-recognised where the contractual right to receive cash flows from the assets has expired.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.32 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.33 TRANSFERS BETWEEN LEVELS OF THE FAIR VALUE HIERARCHY

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.34 CONTINGENCIES

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.35 SEGMENT REPORTING

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment chief executives responsible for the performance of the respective segments under their charge. All operating segments' operating results are reviewed regularly by the Group Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made by management in the application of accounting policies that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in note 42.

4. PROPERTY REVENUE

	Group	
	2015	2014
	$'000	$'000
Rental and related income	**10,349**	20,561
Sale of development properties	**1,107**	831
	11,456	21,392

5. DIVIDEND INCOME

	Group	
	2015	2014
	$'000	$'000
Dividend income from:		
– Held-for-trading marketable securities	**15,400**	1,731
– Available-for-sale investment securities	**10,007**	6,462
	25,407	8,193

6. INTEREST INCOME

	Group	
	2015	2014
	$'000	$'000
Interest income from:		
– Deposits	**3,253**	1,834
– Receivables	**707**	1,858
– Amounts due from associates and joint ventures	**2,618**	1,384
– Held-to-maturity financial assets	**3,408**	–
– Others	**499**	319
	10,485	5,395

7. OTHER (LOSS)/INCOME

	Group	
	2015	2014
	$'000	$'000
Net gain on sale of assets/disposal group classified as held for sale	**1,495**	–
Net loss on disposal of investment securities	**–**	(4,485)
Net (loss)/gain on disposal of marketable securities	**(10,880)**	577
Net gain on disposal of derivatives	**1,602**	–
Net gain on disposal of investment properties	**–**	39,172
Fair value changes in financial assets:		
– Held-for-trading marketable securities	**(15,048)**	(1,561)
– Derivatives	**(195)**	40
– Ineffective portion of derivatives designated as hedging instruments in cash flow hedge	**(351)**	154
Other operating income	**3,440**	1,196
	(19,937)	35,093

8. EMPLOYEE BENEFITS EXPENSE

	Group 2015 $'000	Group 2014 $'000
Wages, salaries and other allowances	**24,478**	27,309
Severance benefit	**–**	13
Defined contribution plans	**2,135**	2,206
	26,613	29,528
Less: Employee benefits expense capitalised in:		
– Investment properties undergoing development (note 16(e))	**–**	(15)
	26,613	29,513

9. IMPAIRMENT LOSSES

	Group 2015 $'000	Group 2014 $'000
Impairment of associates and joint ventures (note 19)	**192**	1,219
(Revaluation surplus)/Revaluation deficit of properties	**(7)**	11
Impairment of available-for-sale investment securities	**109**	37
	294	1,267

10. FINANCE COSTS

	Group 2015 $'000	Group 2014 $'000
Interest on bank loans	**13,855**	10,219
Interest on debt securities	**–**	5,281
Fees incurred for credit facilities/debt securities *	**1,104**	13,659
Interest on loan from a non-controlling shareholder of a subsidiary	**627**	453
Discount adjustment on provision (note 31)	**128**	136
	15,714	29,748

* The fees incurred for credit facilities/debt securities for 2014 were mainly due to early buy back of debt securities.

11. OTHER EXPENSES

	Group	
	2015	2014
	$'000	$'000
Exchange losses	**18,576**	4,880
Administrative expenses	**5,183**	4,519
Property related management fees	**4,181**	2,953
Professional fees	**2,344**	3,449
Operating lease expenses	**1,779**	1,230
Upkeep and maintenance expenses of properties	**1,422**	2,885
Marketing and distribution expenses	**1,417**	1,404
Impairment of doubtful receivables, net of reversal (note 21)	**1,266**	2,325
Property related taxes	**1,221**	2,171
Provision for repairs (note 31)	**–**	8,285
Provision for financial guarantee (note 31)	**–**	3,748
Other expenses	**3,688**	2,682
	41,077	40,531

12. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	Group	
	2015	2014
	$'000	$'000
Audit fees paid/payable:		
(a) Auditors of the Company	**406**	359
(b) Overseas affiliates of the auditors of the Company		
– Continuing operations	**250**	263
– Discontinued operations	**–**	33
(c) Other auditors	**10**	10
Non-audit fees paid/payable:		
(a) Auditors of the Company	**122**	198
(b) Overseas affiliates of the auditors of the Company	**63**	120
(c) Other auditors	**361**	332
	1,212	1,315
Loss on disposal of property, plant and equipment	**16**	14
Property, plant and equipment written off	**31**	53

13. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

			Group	
			2015	2014
			$'000	$'000
(i)	Consolidated income statement:			
	Income tax			
	– Current income tax		**5,932**	9,317
	– (Over)/Under provision in respect of prior years		**(1,948)**	351
	– Benefits from previously unrecognised tax losses and unutilised capital allowances		**(451)**	(194)
			3,533	9,474
	Deferred tax			
	– Originating and reversal of temporary differences		**254**	(326)
	– (Over)/Under provision in respect of prior years		**(396)**	36
		(note 20)	**(142)**	(290)
	Income tax expense recognised in profit or loss*		**3,391**	9,184
(ii)	Statement of comprehensive income:			
	Deferred tax related to other comprehensive income			
	– Net change on revaluation of property, plant and equipment		**209**	161
	– Net change in hedging reserve for derivatives designated as hedging instruments in cash flow hedges		**(246)**	(427)
	– Net change in available-for-sale investment securities		**(183)**	72
			(220)	(194)

* Includes reversal of income tax provision and deferred tax liabilities of $1.9 million and $1.2 million respectively relating to discontinued operations that were no longer required.

13. INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable statutory tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	2014
	$'000	$'000
Profit before tax from continuing operations	**10,876**	33,082
Loss before tax from discontinued operations (note 25)	**–**	(7,704)
Less: Share of results of associates and joint ventures *	**(28,475)**	(14,866)
	(17,599)	10,512
Tax at statutory rate of 17% (2014: 17%)	**(2,992)**	1,787
Effect of different tax rates in other countries	**548**	633
(Over)/Under provision in respect of prior years	**(1,948)**	351
(Over)/Under provision of deferred tax in respect of prior years	**(396)**	36
Expenses/Losses not claimable	**7,659**	14,409
Income not subject to tax	**(144)**	(7,545)
Effect of partial tax exemption	**(478)**	(354)
Utilisation of previously unrecognised tax losses and unutilised capital allowances	**(451)**	(194)
Withholding tax expenses	**1,728**	–
Others	**(135)**	61
	3,391	9,184

* These are presented net of tax in profit or loss.

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to foreign subsidiaries are as follows:

	2015	2014
Malaysia	**25%**	25%
Australia	**30%**	30%
China	**25%**	25%

14. EARNINGS PER SHARE (CENTS)

(a) Continuing operations

The calculation of basic and diluted earnings per share from continuing operations is based on profit after tax from continuing operations attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	2014
	$'000	$'000
Profit for the year attributable to owners of the Company	**8,549**	18,586
Add back: Loss after tax from discontinued operations, attributable to owners of the Company	–	1,962
Profit after tax from continuing operations attributable to owners of the Company used in the computation of basic and diluted earnings per share	**8,549**	20,548

(b) Earnings per share

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of $8,549,000 (2014: $18,586,000) and on 408,095,772 ordinary shares in issue.

There are no potential dilutive shares of the Company.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work-in-progress $'000	Mine restoration $'000	Total $'000
	At valuation						
Group							
At cost or valuation							
At 1 January 2015	9,362	318	7,632	36,261	1,567	3,532	58,672
Additions	–	–	3	453	1,798	2,411	4,665
Disposals	–	–	–	(643)	–	–	(643)
Transfer	–	–	–	2,835	(2,835)	–	–
Revaluation surplus, net	900	–	802	–	–	–	1,702
Sale of a subsidiary (note 18)	–	–	–	(98)	–	–	(98)
Elimination of accumulated depreciation on revaluation	–	(11)	(239)	–	–	–	(250)
Exchange adjustment	(1,223)	(41)	(999)	(4,270)	(238)	(472)	(7,243)
At 31 December 2015	9,039	266	7,199	34,538	292	5,471	56,805
Accumulated depreciation and impairment							
At 1 January 2015	–	–	–	22,138	–	797	22,935
Depreciation charge for the year	–	12	257	2,574	–	344	3,187
Disposals	–	–	–	(570)	–	–	(570)
Sale of a subsidiary (note 18)	–	–	–	(26)	–	–	(26)
Elimination of accumulated depreciation on revaluation	–	(11)	(239)	–	–	–	(250)
Exchange adjustment	–	(1)	(18)	(2,759)	–	(127)	(2,905)
At 31 December 2015	–	–	–	21,357	–	1,014	22,371
Net carrying amount							
At 31 December 2015	**9,039**	**266**	**7,199**	**13,181**	**292**	**4,457**	**34,434**

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work- in-progress $'000	Mine restoration $'000	Total $'000
	At valuation						
Group							
At cost or valuation							
At 1 January 2014	8,465	468	7,833	38,764	410	3,595	59,535
Additions	–	77	40	871	3,339	–	4,327
Disposals	–	–	–	(3,448)	–	–	(3,448)
Transfer	–	–	163	1,976	(2,139)	–	–
Revaluation surplus, net	1,071	–	439	–	–	–	1,510
Sale of a subsidiary (note 18)	–	(202)	(436)	(1,313)	–	–	(1,951)
Elimination of accumulated depreciation on revaluation	–	(14)	(258)	–	–	–	(272)
Exchange adjustment	(174)	(11)	(149)	(589)	(43)	(63)	(1,029)
At 31 December 2014	9,362	318	7,632	36,261	1,567	3,532	58,672
Accumulated depreciation and impairment							
At 1 January 2014	–	–	–	24,495	–	637	25,132
Depreciation charge for the year							
– Continuing operations	–	13	266	2,470	–	176	2,925
– Discontinued operations (note 25)	–	3	25	4	–	–	32
Disposals	–	–	–	(3,118)	–	–	(3,118)
Sale of a subsidiary (note 18)	–	–	(25)	(1,310)	–	–	(1,335)
Elimination of accumulated depreciation on revaluation	–	(14)	(258)	–	–	–	(272)
Exchange adjustment	–	(2)	(8)	(403)	–	(16)	(429)
At 31 December 2014	–	–	–	22,138	–	797	22,935
Net carrying amount							
At 31 December 2014	9,362	318	7,632	14,123	1,567	2,735	35,737

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Total $'000
	At valuation			
Company				
At cost or valuation				
At 1 January 2015	32	136	256	424
Revaluation surplus	1	(9)	–	(8)
Elimination of accumulated depreciation on revaluation	–	(14)	–	(14)
Exchange adjustment	(4)	(18)	(33)	(55)
At 31 December 2015	29	95	223	347
Accumulated depreciation				
At 1 January 2015	–	–	180	180
Depreciation charge for the year	–	14	18	32
Elimination of accumulated depreciation on revaluation	–	(14)	–	(14)
Exchange adjustment	–	–	(25)	(25)
At 31 December 2015	–	–	173	173
Net carrying amount				
At 31 December 2015	**29**	**95**	**50**	**174**
At cost or valuation				
At 1 January 2014	30	150	346	526
Additions	–	–	29	29
Disposal	–	–	(117)	(117)
Revaluation surplus	3	4	–	7
Elimination of accumulated depreciation on revaluation	–	(15)	–	(15)
Exchange adjustment	(1)	(3)	(2)	(6)
At 31 December 2014	32	136	256	424
Accumulated depreciation				
At 1 January 2014	–	–	221	221
Depreciation charge for the year	–	15	27	42
Disposal	–	–	(66)	(66)
Elimination of accumulated depreciation on revaluation	–	(15)	–	(15)
Exchange adjustment	–	–	(2)	(2)
At 31 December 2014	–	–	180	180
Net carrying amount				
At 31 December 2014	32	136	76	244

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Land and buildings are stated at fair value, which have been determined based on valuations at or approximate the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 43D.

(b) If the land and buildings stated at valuation are included in the financial statements using the cost model, the net carrying amounts would be:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Freehold land at 31 December				
– Cost, representing net carrying amount	**4,507**	5,181	**1**	1
Leasehold land at 31 December				
– Cost	**518**	595	**–**	–
– Accumulated depreciation and impairment	**(252)**	(277)	**–**	–
– Net carrying amount	**266**	318	**–**	–
Buildings at 31 December				
– Cost	**6,773**	7,782	**11**	11
– Accumulated depreciation and impairment	**(2,390)**	(2,495)	**(11)**	(11)
– Net carrying amount	**4,383**	5,287	**–**	–

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Details of properties included in property, plant and equipment as at 31 December 2015 are as follows:

Description of properties	Tenure	Unexpired lease term (year)	Existing use	Professional valuers	Valuation method
Malaysia					
Wavertree Bungalow at Jalan Lady Maxwell, 49000 Bukit Fraser, Pahang	Leasehold	8	Holiday bungalow	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot 448, Mukim of Sabai, District of Bentong, Pahang Darul Makmur	Freehold		Agricultural	Jones Lang Wootton	Comparison method
No. 27 Jalan Pantai, 12000 Butterworth:					
(i) Offices and factory buildings at Lot 142 - 187 and 362	Freehold		Office and factory	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(ii) Carpark shed at Lot 268	Leasehold	13	Carpark shed	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(iii) Seabed leases with main wharf at PT 686	Leasehold	54	Main wharf	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
Offices at unit No. B-15-6, B-15-7, B-15-11, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Freehold		Office	Knight Frank Malaysia Sdn Bhd	Comparison method
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam	Freehold		Residential	Knight Frank Malaysia Sdn Bhd	Comparison method

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Details of properties included in property, plant and equipment as at 31 December 2015 are as follows (cont'd):

Description of properties	Tenure	Unexpired lease term (year)	Existing use	Professional valuers	Valuation method
Malaysia (cont'd)					
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak:					
(i) Land and buildings at Lot 344 and 348	Freehold		Dam and residential	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(ii) Land at Lot 1886	Freehold		Agricultural	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(iii) Land and buildings at PT 4338, 3934, 725, 726, 727, 55502, 55503, 55504 (formerly as PT 4440, 4441, 4442) Lot 2071, 4522 and 4523	Leasehold	up to 97	Dam, residential and power station	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(iv) 3 units of terrace houses at PT 1705, 1706 and 1707	Leasehold	93	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
(v) 2 units of single-storey semi-detached house at PT 5022 and 5026	Freehold		Residential	Knight Frank Malaysia Sdn Bhd	Comparison method

16. INVESTMENT PROPERTIES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Balance sheets:				
At fair value:				
Balance as at 1 January	**399,763**	849,910	**53,135**	122,346
Fair value changes recognised in profit or loss	**(4,819)**	(4,021)	**4,188**	1,484
Acquisition of properties	**216,777**	–	**–**	–
Reclassify from non-current assets (note 24)	**74,491**	–	**–**	–
Redevelopment expenditure	**–**	2,173	**–**	–
Disposal of a subsidiary (note 18)	**(53,778)**	–	**–**	–
Attributable to disposal group classified as held for sale (note 25)	**(17,771)**	(42,317)	**(17,771)**	–
Disposal during the year	**–**	(405,000)	**–**	(69,741)
Exchange adjustment	**(8,653)**	(982)	**(7,181)**	(954)
Balance as at 31 December	**606,010**	399,763	**32,371**	53,135

	Group	
	2015	2014
	$'000	$'000
Income statement:		
Rental income from investment properties:		
– Minimum lease payments	**10,301**	20,086
– Contingent rent based on tenant's turnover	**–**	8
	10,301	20,094
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(5,474)**	(8,355)
– Non-rental generating properties	**(9)**	(8)
	(5,483)	(8,363)

(a) Except as disclosed in note 16(c), the Group has no restrictions on the realisability of its investment properties.

(b) Investment properties are stated at fair value. Valuations of investment properties have been determined based on valuations at or approximate the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 43D.

(c) Certain investment properties are mortgaged to secure bank facilities (note 32).

(d) During the financial year, the loan secured on the 14 residential units at The Holland Collection, Singapore was repaid and the mortgage was discharged.

(e) During the financial year, there was no employee benefits expense capitalised in investment properties (2014: $15,000) (note 8).

16. INVESTMENT PROPERTIES (CONT'D)

(f) Details of investment properties as at 31 December 2015 are as follows:

Description of Properties	Tenure	Unexpired Lease Term (year)	Site Area sq.m.	Net Floor Area sq.m.	Existing Use	Professional Valuers	Valuation Method
Singapore							
10 residential units at Gallop Green condominium	Freehold		–	3,711 (strata)	Residential	Knight Frank Pte Ltd	Comparison method
6A/8/8A/10/12 at Cable Road	Freehold		7,432	4,327 (gross)	Residential	Knight Frank Pte Ltd	Comparison method
10/10A/10B at Nathan Road	Freehold		4,548	2,083 (gross)	Residential	Knight Frank Pte Ltd	Comparison method
Australia							
Office building at 114 - 128 William Street, Melbourne Victoria 3000	Freehold		1,858	21,017	Office	Urbis Valuations Pty Ltd	Income capitalisation/ Discounted cash flow method
China							
Retail Mall at No. 186 Tongjiang Avenue, Nan'an District, Chongqing	Leasehold	35	24,652	35,208 (gross)	Retail	Jones Lang LaSalle Ltd	Income capitalisation/ Discounted cash flow method
Malaysia							
A parcel of residential land Lot No. 11260, Mukim of Hulu Kinta, District of Kinta, Perak	999 years Leasehold	879	11,255	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method
A parcel of residential land, Lot No. 34612 Jalan Gopeng, Ipoh, Perak	999 years Leasehold	878	12,892	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Parcels of commercial land, Lot Nos. 1105 to 1110, 2122 and 2123 Town of Seremban, District of Seremban, Negeri Sembilan	Freehold		3,826	–	Retail	C H Williams Talhar & Wong Sdn Bhd	Comparison method

16. INVESTMENT PROPERTIES (CONT'D)

(f) Details of investment properties as at 31 December 2015 are as follows (cont'd):

Description of Properties	Tenure	Unexpired Lease term (year)	Site Area sq.m.	Net Floor Area sq.m.	Existing Use	Professional Valuers	Valuation Method
Malaysia (cont'd)							
Lot Nos. 197 and 199, Section 4 Town of Butterworth, Pulau Pinang	Freehold		7,949	–	Retail	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot Nos. 2569 and 2626, Section 4 Town of Butterworth, Pulau Pinang	Freehold		6,535	–	Carpark	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot Nos. 2499, 189, 190 and 270, Section 4 Town of Butterworth, Pulau Pinang; accommodating 6 residential units, a single-storey bungalow with 2 annex buildings, a single-storey club house and 1½ storey squash court and vacant plots	Freehold with two minor leasehold plots	11 and 15	37,200	3,241 (gross)	Residential/ Retail/ Carpark	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot Nos. 195, 2502 and 2570, Section 4 Town of Butterworth, Pulau Pinang; accommodating a 3-storey club house with a guard house, three single-storey bungalows with/ without annex building and vacant plots	Freehold		55,928	3,513 (gross)	Office/ Residential/ Club house/ Storage yard/ Car showroom	C H Williams Talhar & Wong Sdn Bhd	Comparison method
8 units of 3-storey shophouses, No. 4819 to 4826 Jalan Pantai, Taman Selat, Butterworth, Pulau Pinang	Freehold		1,322	2,883	Commercial	C H Williams Talhar & Wong Sdn Bhd	Comparison method

17. GOODWILL/OTHER INTANGIBLE ASSETS

(a) Goodwill arising on consolidation

	Group	
	2015	2014
	$'000	$'000
At cost		
At 1 January	**20,247**	20,603
Exchange adjustment	**(2,643)**	(356)
At 31 December	**17,604**	20,247

The carrying amount of goodwill is allocated to Resources segment.

(i) The recoverable amount of the resource subsidiary in Malaysia is determined based on value in use using 5-year cash flow projections based on financial forecasts. Management has considered and determined the factors applied in these financial budgets, which included tin prices, exchange rates and fuel costs. The key assumptions made reflect past experience. The pre-tax discount rate applied to the cash flow projections at 9.8% (2014: 8.2%) per annum was based on the estimated weighted average cost of capital. The pre-tax discount rate was adjusted upwards to reflect the current market condition. The terminal growth rate applied at 2.3% per annum was based on the Malaysia Consumer Price Index. There is no impairment in the carrying amount of goodwill arising from this review.

(ii) Sensitivity to changes in assumptions

For the financial year under review, Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The discount rate and terminal growth rate would need to change individually by 0.2% and 0.4% respectively for the estimated recoverable amount to be equal to the carrying amount. Please refer to Note 42a(i) for more details.

(b) Other intangible assets

		Group	
		2015	2014
		$'000	$'000
(i)	Mining rights	**2,367**	3,058
	Corporate club memberships	**215**	257
		2,582	3,315
(ii)	Deferred mine exploration and evaluation expenditure	**1,935**	1,500
	Mine properties	**2,138**	2,835
		4,073	4,335
		6,655	7,650

17. GOODWILL/OTHER INTANGIBLE ASSETS (CONT'D)

(b) (i) Mining Rights and Corporate Club Memberships

	Mining rights $'000	Corporate club memberships $'000	Total $'000
Group			
At cost			
At 1 January 2015	4,499	336	4,835
Exchange adjustment	(584)	(45)	(629)
At 31 December 2015	3,915	291	4,206
Accumulated amortisation			
At 1 January 2015	1,441	79	1,520
Amortisation to profit or loss	315	10	325
Exchange adjustment	(208)	(13)	(221)
At 31 December 2015	1,548	76	1,624
Net carrying amount	**2,367**	**215**	**2,582**
At cost			
At 1 January 2014	4,026	258	4,284
Additions	–	84	84
Acquisition of a subsidiary (note 18)	559	–	559
Exchange adjustment	(86)	(6)	(92)
At 31 December 2014	4,499	336	4,835
Accumulated amortisation			
At 1 January 2014	1,123	69	1,192
Amortisation to profit or loss	348	11	359
Exchange adjustment	(30)	(1)	(31)
At 31 December 2014	1,441	79	1,520
Net carrying amount	3,058	257	3,315

17. GOODWILL/OTHER INTANGIBLE ASSETS (CONT'D)

(b) (ii) Deferred Mine Exploration and Evaluation Expenditure and Mine Properties

	Deferred mine exploration and evaluation expenditure $'000	**Mine properties $'000**	**Total $'000**
Group			
At 1 January 2015	1,500	2,835	4,335
Additions	672	6	678
Written off to profit or loss	(2)	–	(2)
Amortisation to profit or loss	–	(362)	(362)
Exchange adjustment	(235)	(341)	(576)
At 31 December 2015	**1,935**	**2,138**	**4,073**
At 1 January 2014	18	2,759	2,777
Additions	1,492	449	1,941
Acquisition of a subsidiary (note 18)	14	–	14
Amortisation to profit or loss	–	(324)	(324)
Exchange adjustment	(24)	(49)	(73)
At 31 December 2014	1,500	2,835	4,335

Note 17(b)(ii) represents deferred mine exploration and evaluation expenditures and mine properties incurred on several areas of interest. The costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas or where activities in the areas have not yet reached a stage that permits a reasonable assessment of the existence of the economically recoverable ore reserves and resources.

The remaining amortisation periods are as follows:

	Group Number of years	
	2015	2014
Mining rights	**7**	8
Corporate club memberships	**5 to 71**	6 to 72
Mine properties	**7**	8

18. SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Quoted shares, at cost	**25,402**	25,402
Unquoted shares, at cost	**57,058**	63,558
Redeemable preference shares, at cost	**48,900**	126,900
	131,360	215,860
Impairment losses	**(6,123)**	(6,123)
	125,237	209,737

Details of subsidiaries are included in note 46.

Incorporation of subsidiaries

During the financial year, through the Company's 89.5% indirectly-owned subsidiary, Straits Real Estate Pte. Ltd. ("Straits Real Estate"), the following subsidiaries were incorporated:

(i) SRE Venture 6 Pte. Ltd. ("SRE Venture 6") with 1 ordinary share at the price of $1 per share and subsequently enlarged its share capital to $10,100,000. During the year, SRE Asian Asset Income Fund ("SAAIF") was incorporated, with 1 share of par value US$1 and subsequently enlarged its share capital to $132,788,000. At balance sheet date, SRE Venture 6 owned 98.3% in SAAIF;

(ii) SRE Venture 7 Pte. Ltd. with 1 ordinary share at the price of $1 per share and subsequently increased its share capital to $1,500,000;

(iii) SRE Venture 8 Pte. Ltd. ("SRE Venture 8") with 1 ordinary share at the price of $1 per share. During the year, SRE Venture 8 incorporated a subsidiary, SRE Australia 1 Pte. Ltd. ("SRE Australia 1"), with 1 ordinary share at the price of $1 per share. SRE Australia 1 incorporated a subsidiary, SRE Investment 1 (Australia) Pty Ltd ("SRE Investment 1"), with 1 ordinary share at the price of $1 and subsequently enlarged its share capital to A$57,717,000. At balance sheet date, SRE Australia 1 owned 98.0% in SRE Investment 1; and

(iv) SRE Venture 9 Pte. Ltd. with 1 ordinary share at the price of $1 per share.

In 2014, the Company incorporated a wholly-owned subsidiary, Straits Investments Holdings Pte. Ltd., with 1 ordinary share at the price of $1 per share.

In 2014, through the Company's 89.5% indirectly-owned subsidiary, Straits Real Estate Pte. Ltd., the following subsidiaries were incorporated:

(i) Straits Real Estate (Management) Pte. Ltd. with 10 ordinary shares at the price of $1 per share;

(ii) SRE Venture 1 Pte. Ltd. ("SRE Venture 1") with an initial 1 ordinary share at the price of $1 per share and subsequently enlarged its share capital to $10,100,000. In the same year, SRE Venture 1 invested in ARA Summit Development Fund I, L.P. ("Fund") and is currently the sole investor of the Fund;

(iii) SRE Venture 2 Pte. Ltd. with 1 ordinary share at the price of $1 per share;

18. SUBSIDIARIES (CONT'D)

(iv) SRE Venture 3 Pte. Ltd. ("SRE Venture 3") with 1 ordinary share at the price of $1 per share. SRE Venture 3 had incorporated a subsidiary, SRE China 1 Pte. Ltd. ("SRE China") with 1 ordinary share at the price of $1 per share. SRE China incorporated a subsidiary, Chongqing Xinchuang Mall Management Co., Ltd. with a registered capital of $100,200,000;

(v) SRE Venture 4 Pte. Ltd. ("SRE Venture 4") with 1 ordinary share at the price of $1 per share. SRE Venture 4 had incorporated a subsidiary, SRE Capital Pte. Ltd. with 1 ordinary share at the price of $1 per share; and

(vi) SRE Venture 5 Pte. Ltd. with 1 ordinary share at the price of $1 per share.

In 2014, Chongqing Xinchuang Mall Management Co., Ltd ("CXMM") acquired a retail mall in Chongqing, China (the "Acquisition"). As part of the Acquisition, SRE China 1 Pte. Ltd. ("SRE China") was given the option to sell the entire shareholdings in CXMM to the seller of the retail mall should the retail mall fail to generate a certain internal rate of return over the investments contributed by SRE China for the Acquisition, within an agreed time frame.

The effect of the option is not expected to be material to the financial statements.

Capital injection by a subsidiary

During the financial year, the Group increased its contribution in Straits Real Estate Pte. Ltd. ("Straits Real Estate") to $272,850,000 (2014: $42,500,000) increasing Straits Real Estate's share capital to $304,950,000 (2014: $47,500,000).

Voluntary liquidation of subsidiaries

During the financial year, two wholly-owned subsidiaries, STC Equities Holding Pte. Ltd. and Malayan Securities Private Limited were voluntarily liquidated.

In 2014, a wholly-owned subsidiary, Merevale Holdings Private Limited was voluntarily liquidated. An impairment provision of $40,000,000 was written off. The utilisation of the provision for impairment has no impact to the Group results.

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest		Profit/(loss) allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period	
		2015	2014	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Malaysia Smelting Corporation Berhad	Malaysia	**45%**	45%	**(783)**	(1,964)	**40,391**	44,857
Straits Real Estate Pte. Ltd.	Singapore	**11%**	11%	**(281)**	(428)	**32,658**	6,044

18. SUBSIDIARIES (CONT'D)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	As at 31 December 2015 $'000	As at 31 December 2014 $'000	**As at 31 December 2015 $'000**	As at 31 December 2014 $'000
Current				
Assets	**192,114**	182,743	**212,721**	109,750
Liabilities	**(181,137)**	(163,957)	**(298,925)**	(260,987)
Net current assets/(liabilities)	**10,977**	18,786	**(86,204)**	(151,237)
Non-current				
Assets	**91,661**	95,365	**526,052**	208,651
Liabilities	**(6,362)**	(6,481)	**(156,029)**	–
Net non-current assets	**85,299**	88,884	**370,023**	208,651
Net assets	**96,276**	107,670	**283,819**	57,414

Summarised statements of comprehensive income

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Revenue	**528,493**	743,364	**3,698**	–
Profit/(loss) before income tax	**1,023**	17,013	**17**	(3,933)
Income tax expense	**(2,752)**	(8,652)	**(2,735)**	(127)
(Loss)/Profit after tax – continuing operations	**(1,729)**	8,361	**(2,718)**	(4,060)
Loss after tax – discontinued operations	**–**	(7,704)	**–**	–
Other comprehensive income	**(7,193)**	10,241	**(31,537)**	13,978
Total comprehensive income	**(8,922)**	10,898	**(34,255)**	9,918

Other summarised information

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	As at 31 December 2015 $'000	As at 31 December 2014 $'000	**As at 31 December 2015 $'000**	As at 31 December 2014 $'000
Net cash flows from/(used in) operations	**(8,167)**	8,334	**(55,969)**	(74,239)
Net cash flows from/(used in) investing activities	**(5,904)**	8,502	**(314,574)**	(191,550)
Net cash flows from/(used in) financing activities	**17,725**	(11,477)	**407,049**	300,489

18. SUBSIDIARIES (CONT'D)

Analysis of sale of subsidiaries:

Sale in 2015

The sale of all the shares in Atbara Holdings Private Limited, a wholly owned subsidiary of the Company, to Haiyi Holdings Pte. Ltd. was completed on 22 April 2015.

The sale had the following effects on the financial position of the Group as at 31 December 2015:

	2015 Atbara Holding Private Limited $'000
Assets:	
Property, plant and equipment (note 15)	72
Investment properties (note 16)	53,778
Trade and other receivables, including prepayments	43
Cash and cash equivalents	71
	53,964
Liabilities:	
Trade and other payables	(194)
Net assets disposed	53,770
Cash consideration, net of expenses	53,062
Loss on sale recognised in profit or loss of the Group	(708)
Cash and cash equivalents of the subsidiaries disposed	71
Net cash inflow	52,991

18. SUBSIDIARIES (CONT'D)

Sale in 2014

Sale of a subsidiary classified as discontinued operation

The sale by Malaysia Smelting Corporation Berhad, the Group's listed subsidiary, of its entire interest in PT MSC Indonesia ("PT MSCI") to PT Bangka Timah Utama and Mr Eddy Dayanto for a consideration of USD1 was completed on 2 June 2014. Its results had been reclassified as discontinued operations (note 25).

The sale had the following effects on the financial position of the Group as at 31 December 2014:

	Group 2014 $'000
Assets:	
Property, plant and equipment (note 15)	616
Inventories	182
Trade and other receivables	1,317
Cash and cash equivalents	9
	2,124
Liabilities:	
Provisions (note 31)	(40)
Deferred tax liabilities	(43)
Trade and other payables	(2,120)
	(2,203)
Net liabilities disposed	(79)
Realisation of translation reserve	(61)
Gain on sale recognised in profit or loss of the Group	(140)
Realisation of revaluation reserve	(41)
Gain on sale directly charged to equity of the Group	(41)
Cash and cash equivalents of the subsidiary disposed	(9)
Net cash outflow	(9)

19. ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Associates	**538,911**	409,622	**2,708**	2,708
Joint ventures	**19,705**	18,570	**–**	–
	558,616	428,192	**2,708**	2,708

19.1 ASSOCIATES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Quoted shares, at cost	**323,855**	293,273	**–**	–
Share of post-acquisition reserves	**15,541**	11,769	**–**	–
	339,396	305,042	**–**	–
Unquoted shares, at cost	**127,706**	43,305	**2,708**	2,708
Shareholder loans (d)	**71,910**	71,910	**–**	–
Share of post-acquisition reserves	**6,783**	(4,265)	**–**	–
Exchange adjustment	**(1,901)**	(1,387)	**–**	–
	204,498	109,563	**2,708**	2,708
Impairment loss	**(4,983)**	(4,983)	**–**	–
	199,515	104,580	**2,708**	2,708
	538,911	409,622	**2,708**	2,708
Market value of quoted shares	**235,566**	288,830	**–**	–

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES (CONT'D)

(a) Details of associates are included in note 46.

(b) During the financial year, the Group subscribed to 30.6 million of new shares ("Rights Shares") in ARA Asset Management Limited ("ARA") at an issue price of S$1 each. The Group's 20.1% holding in ARA remains unchanged after subscription of the Rights Shares. The shares in ARA, excluding the Rights Shares, are mortgaged to secure bank facilities (note 32).

(c) During the financial year, the Group acquired a 47.5% stake in the Greater Tokyo Office Fund (Jersey) L.P. and 40% stake in ARA Harmony Fund III, L.P. at an aggregate cost of $84.4 million.

(d) This relates to the Group's shareholder loan to Far East Hospitality Holdings Pte. Ltd. ("FEHH"), a 30/70 joint venture with Far East Orchard Limited. The shareholder loans to FEHH are unsecured and non-interest bearing.

(e) Impairment assessment

In 2014, a reversal of impairment of $410,000 was recognised in profit or loss of the Group. The recoverable amount was based on fair value less costs to sell.

(f) Movements in the allowance accounts:

	Group	
	2015	2014
	$'000	$'000
At 1 January	**(4,983)**	(5,393)
Reversal of impairment for the year (note 9)	**–**	410
At 31 December	**(4,983)**	(4,983)

(g) Aggregate information about the Group's associates that are not individually material are as follows:

	Group	
	2015	2014
	$'000	$'000
Profit after tax	**704**	788

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES (CONT'D)

(h) The summarised financial information in respect of ARA Asset Management Limited ("ARA"), Far East Hospitality Holdings Pte. Ltd. ("FEHH"), Greater Tokyo Office Fund (Jersey) L.P. ("GTOF") and ARA Harmony Fund III, L.P. ("H3"), based on their financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheets

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
2015				
Current assets	**158,078**	**61,614**	**10,654**	**33,243**
Non-current assets	**423,015**	**575,269**	**95,831**	**584,007**
Total assets	**581,093**	**636,883**	**106,485**	**617,250**
Current liabilities	**(37,420)**	**(297,567)**	**(11,269)**	**(105,363)**
Non-current liabilities	**(16,065)**	**(276,823)**	**(58,734)**	**(332,763)**
Total liabilities	**(53,485)**	**(574,390)**	**(70,003)**	**(438,126)**
Net assets	**527,608**	**62,493**	**36,482**	**179,124**
Non-controlling interest	**(7,295)**	**–**	**–**	**–**
	520,313	**62,493**	**36,482**	**179,124**

	ARA $'000	FEHH $'000
2014		
Current assets	146,351	61,638
Non-current assets	281,285	584,566
Total assets	427,636	646,204
Current liabilities	(78,023)	(324,427)
Non-current liabilities	(1,479)	(282,887)
Total liabilities	(79,502)	(607,314)
Net assets	348,134	38,890
Non-controlling interest	(6,780)	–
	341,354	38,890

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES (CONT'D)

Summarised statements of comprehensive income

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
2015				
Revenue	**156,027**	**149,285**	**1,523**	**18,696**
Profit after tax	**81,353**	**8,235**	**4,752**	**23,874**
Other comprehensive income	**(7,425)**	**15,366**	**–**	**(16,636)**
Total comprehensive income	**73,928**	**23,601**	**4,752**	**7,238**
Dividend received from the associate during the year	**8,495**	**–**	**–**	**1,423**
2014				
Revenue	173,058	164,583	–	–
Profit/(loss) after tax	90,730	(881)	–	–
Other comprehensive income	20,132	8,298	–	–
Total comprehensive income	110,862	7,417	–	–
Dividend received from the associate during the year	8,495	–	–	–

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates:

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
Net assets at 31 December 2015	**520,313**	**62,493**	**36,482**	**179,124**
Interest in associates	**20.1%**	**30%**	**47.5%**	**40%**
Group's share of net assets	**104,583**	**18,748**	**17,329**	**71,650**
Goodwill on acquisition	**127,232**	**–**	**–**	**–**
Intangible assets	**107,258**	**10,534**	**–**	**–**
Other adjustments	**323**	**–**	**–**	**–**
Carrying value of Group's interest in associates	**339,396**	**29,282**	**17,329**	**71,650**
Net assets at 31 December 2014	341,354	38,890	–	–
Interest in associates	20.1%	30%	–	–
Group's share of net assets	68,612	11,667	–	–
Goodwill on acquisition	127,232	–	–	–
Intangible assets	109,198	10,546	–	–
Carrying value of Group's interest in associates	305,042	22,213	–	–

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 JOINT VENTURES

	Group	
	2015	2014
	$'000	$'000
Unquoted shares, at cost	**18,714**	18,714
Share of post-acquisition reserves	**10,430**	10,674
Exchange adjustment	**(7,324)**	(8,895)
	21,820	20,493
Impairment loss	**(2,115)**	(1,923)
	19,705	18,570

(a) Details of joint ventures are included in note 46.

(b) Impairment assessment

During the financial year, the Group carried out a review of the recoverable amount of its investment in KM Resources, Inc.. An impairment of $192,000 (2014: $1,629,000) was recognised in profit or loss of the Group. The recoverable amount was based on management's estimate of fair value less costs to sell.

(c) Movements in the allowance accounts:

	Group	
	2015	2014
	$'000	$'000
At 1 January	**(1,923)**	(294)
Impairment for the year (note 9)	**(192)**	(1,629)
At 31 December	**(2,115)**	(1,923)

(d) The Group has not recognised losses relating to Africa Smelting Corporation Sprl ("ASC") where its share of losses exceeds the Group's interest in the joint venture.

The Group's unrecognised share of losses at the reporting date are as follows:

	Group	
	2015	2014
	$'000	$'000
Share of losses:		
Current year	**14**	(102)
Cumulative	**(165)**	(179)

The Group has no obligation in respect of these losses.

(e) Aggregate information about the Group's joint ventures that are not individually material are insignificant.

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 JOINT VENTURES (CONT'D)

(f) The summarised financial information in respect of KMR Group, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	KMR Group	
	2015	2014
	$'000	$'000
Cash and cash equivalents	**11,638**	12,970
Other current assets	**52,670**	52,353
Current assets	**64,308**	65,323
Non-current assets	**8,900**	9,183
Total assets	**73,208**	74,506
Current liabilities (excluding trade, other payables and provisions)	**–**	206
Trade, other payables and provisions	**1,141**	3,225
	1,141	3,431
Non-current liabilities (excluding trade, other payables and provisions)	**31**	5
Other non-current liabilities	**794**	4,043
Total non-current liabilities	**825**	4,048
Total liabilities	**1,966**	7,479
Net assets	**71,242**	67,027

Summarised statement of comprehensive income

	KMR Group	
	2015	2014
	$'000	$'000
Revenue	**11**	14,970
Depreciation and amortisation expenses	**(5)**	(3)
Interest income	**49**	76
Finance costs	**–**	(34)
Loss before tax	**(306)**	(5,112)
Income tax expense	**–**	(181)
Loss after tax	**(306)**	(5,293)
Other comprehensive income	**14,296**	9,981
Total comprehensive income	**13,990**	4,688
Dividend received from the joint venture during the year	**–**	11,379

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 JOINT VENTURES (CONT'D)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint venture:

	KMR Group	
	2015	2014
	$'000	$'000
Net assets at 31 December	**71,242**	67,027
Interest in joint venture	**30%**	30%
	21,373	20,108
Cumulative impairment and exchange adjustment	**(1,771)**	(1,816)
Carrying value of Group's interest in joint venture	**19,602**	18,292

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**1,599**	1,550	**–**	–
Deferred tax liabilities	**(5,654)**	(6,051)	**(2,806)**	(3,291)
	(4,055)	(4,501)	**(2,806)**	(3,291)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Provisions	**36**	1,477	**1,160**	314	**–**	–
Unutilised tax losses	**1,175**	–	**(1,314)**	–	**–**	–
Fair value changes on forward currency contracts, forward commodity contracts and interest rate swap contracts	**794**	557	**(80)**	54	**–**	–
Revaluation of property, plant and equipment	**(693)**	(604)	**–**	–	**(45)**	(55)
Difference in depreciation	**(1,796)**	(1,283)	**722**	(1)	**(672)**	(773)
Fair value changes on investment properties	**(2,280)**	(2,191)	**382**	92	**(2,089)**	(2,176)
Fair value changes on available-for-sale investment securities	**(41)**	(270)	**–**	–	**–**	–
Unremitted foreign income and profits	**(880)**	(2,276)	**(1,450)**	(726)	**–**	(287)
Others	**(370)**	89	**438**	(23)	**–**	–
	(4,055)	(4,501)			**(2,806)**	(3,291)
Deferred tax credit (note 13)			**(142)**	(290)		

As at 31 December 2015, certain subsidiaries have unutilised tax losses amounting to $5,679,000 (2014: $8,935,000) available for set off against future taxable income, subject to the provisions of the Income Tax Act and agreement by the relevant authorities, for which deferred tax assets have not been recognised.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current:				
Trade receivables	**52,232**	47,349	**22**	54
Amount due from associates	**1,409**	616	**8**	–
Impairment of doubtful receivables	**(126)**	(4,875)	**–**	–
	53,515	43,090	**30**	54
Other receivables				
Deposits	**557**	648	**41**	43
Non-trade receivables	**6,333**	6,194	**159**	65
Amounts due from subsidiaries	**–**	–	**866,317**	558,191
Amounts due from associates	**66,785**	67,207	**–**	10
Amounts due from a joint venture	**19**	22	**–**	–
	73,694	74,071	**866,517**	558,309
Impairment of doubtful receivables	**(912)**	(3,334)	**(284)**	(284)
	72,782	70,737	**866,233**	558,025
Trade and other receivables (current)	**126,297**	113,827	**866,263**	558,079
Non-Current:				
Amount due from a joint venture	**2,414**	2,775	**–**	–
Impairment of doubtful receivables	**(559)**	(512)	**–**	–
	1,855	2,263	**–**	–
Total trade and other receivables (current and non-current)	**128,152**	116,090	**866,263**	558,079
Add: Cash and cash equivalents (note 28)	**239,325**	480,170	**105,579**	387,410
Total loans and receivables	**367,477**	596,260	**971,842**	945,489

Trade receivables

Trade receivables are non-interest bearing and are generally on cash payment to 90-day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the end of the reporting period, trade receivables arising from export sales amounting to $4,366,000 (2014: $3,216,000) are arranged to be settled via letters of credits issued by reputable banks in countries where customers are based.

Amounts due from subsidiaries

The amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand.

Amounts due from associates

The current amount due from associates under trade receivables is unsecured, non-interest bearing and subject to the Group's normal credit terms which range from cash term to 90 days.

The current amounts due from associates under other receivables are non-trade related, unsecured and repayable on demand.

No interest is charged except for amounts receivable of $66,348,000 from Far East Hospitality Holdings Pte. Ltd. which bear interest at 2.0% per annum.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from a joint venture

The non-current other receivable is due from Africa Smelting Corporation Sprl. It is an unsecured term loan, currently interest free. Interest will be charged at 10% per annum from date of commencement of production. The unsecured term loan is repayable in 12-quarterly instalments commencing 12 months after date of commencement of production. The estimated date of commencement of production is 1 January 2018.

Trade and other receivables denominated in foreign currencies other than the functional currencies of the respective Group entities are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
United States Dollar	**51,425**	37,642	**–**	–
Australian Dollar	**1,111**	–	**–**	–
Japanese Yen	**1,485**	5,226	**–**	–

The aged analysis of trade and other receivables is as follows:

	Group					
	2015 $'000			2014 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**126,668**	**(559)**	**126,109**	113,820	(512)	113,308
• Past due:						
Less than 30 days	**18**	**–**	**18**	105	–	105
30 to 60 days	**662**	**–**	**662**	1,517	–	1,517
61 to 90 days	**1,147**	**–**	**1,147**	439	–	439
91 to 120 days	**53**	**–**	**53**	12	–	12
More than 120 days	**1,201**	**(1,038)**	**163**	8,918	(8,209)	709
	3,081	**(1,038)**	**2,043**	10,991	(8,209)	2,782
Total	**129,749**	**(1,597)**	**128,152**	124,811	(8,721)	116,090

	Company					
	2015 $'000			2014 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**866,527**	**(284)**	**866,243**	558,343	(284)	558,059
• Past due:						
Less than 30 days	**1**	**–**	**1**	3	–	3
30 to 60 days	**6**	**–**	**6**	16	–	16
61 to 90 days	**8**	**–**	**8**	1	–	1
91 to 120 days	**3**	**–**	**3**	–	–	–
More than 120 days	**2**	**–**	**2**	–	–	–
	20	**–**	**20**	20	–	20
Total	**866,547**	**(284)**	**866,263**	558,363	(284)	558,079

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade and other receivables – nominal amounts	**3,452**	10,979	**288**	672
Less: Allowance for impairment	**(1,597)**	(8,721)	**(284)**	(284)
	1,855	2,258	**4**	388

Movements in the allowance accounts:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At 1 January	**(8,721)**	(15,764)	**(284)**	(406)
Impairment for the year (note 11)	**(1,277)**	(2,397)	**–**	–
Amounts written off	**7,290**	4,519	**–**	21
Reversal of impairment (note 11)	**11**	72	**–**	101
Sale of a subsidiary	**–**	4,275	**–**	–
Exchange adjustment	**1,100**	574	**–**	–
At 31 December	**(1,597)**	(8,721)	**(284)**	(284)

22. INVESTMENT SECURITIES/MARKETABLE SECURITIES

(a) Investment Securities

	Group	
	2015	2014
	$'000	$'000
Investment Securities:		
Available-for-sale equity securities		
– quoted, at fair value	**162,055**	202,488
Held-to-maturity financial assets		
– unquoted, at amortised cost	**39,521**	–
	201,576	202,488

Information on the Group's investment/marketable securities by country can be found in note 40(e).

The Group holds shares quoted in Singapore and Canada. Please refer to note 40(e) for information on equity price risk.

The held-to-maturity financial assets relate to investment in a mezzanine financing amounting to A$35.0 million with a coupon rate of 14.25% per annum and matures in August 2018.

Certain investment securities are pledged to secure bank facilities (note 32).

22. INVESTMENT SECURITIES/MARKETABLE SECURITIES (CONT'D)

(b) Marketable Securities

	Group	
	2015	2014
	$'000	$'000
Marketable Securities:		
Held-for-trading		
– quoted, at fair value	**178,282**	78,699

Certain marketable securities are pledged to secure bank facilities (note 32).

23. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments included in the balance sheet as at 31 December are as follows:

	Group			
	Assets	**Liabilities**	Assets	Liabilities
	2015	**2015**	2014	2014
	$'000	**$'000**	$'000	$'000
Forward currency contracts	**1**	**1,807**	–	2,142
Forward commodity contracts	**–**	**1,514**	–	160
Contract for differences	**199**	**413**	–	–
Interest rate swap contracts	**–**	**24**	–	21
	200	**3,758**	–	2,323
Current	**200**	**3,734**	–	2,142
Non-current	**–**	**24**	–	181

These represent the fair values of the following financial instruments:

(a) forward currency contracts are entered into for the purpose of managing foreign exchange risk. For the resources business, the fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective. Gain and losses on the forward currency contracts entered into by the fund subsidiary is recognised in profit or loss. These contracts mature between January to December 2016.

(b) forward commodity contracts are entered into for the purpose of managing commodity price risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective.

(c) contract for differences ("CFDs") represent agreements that obligate two parties to exchange cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise deemed notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore amounts required for the future satisfaction of the CFDs may be greater or less than the amount recorded. The ultimate gain or loss depends upon the prices at which the underlying financial instruments of the CFDs is valued at the CFDs' settlement date and is recognised in profit or loss.

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

(d) the interest rate swap contracts are entered into for the purpose of managing interest rate risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective.

Further details of the derivative financial instruments in items (a) to (d) are disclosed in note 41 to the financial statements.

24. OTHER NON-CURRENT ASSETS

	Group	
	2015	2014
	$'000	$'000
Base inventory	**987**	1,135
Initial payment for a retail development in Chongqing (note 16)	**–**	74,491
	987	75,626

(a) Base inventory is used in the smelting process and comprises a metallic tin content of 381 tonnes (2014: 381 tonnes). It is stated at lower of estimated recoverable amount and cost.

(b) In 2014, the initial payment made by the Group was related to the acquisition of a retail development in Chongqing, China. Handover of the bare-shell retail mall was completed in September 2015 and the amount was reclassified to investment properties.

25. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) During the financial year, the Straits Trading Building at No. 2 Lebuh Pasar Besar, Kuala Lumpur has been reclassified as held for sale upon an offer being received.

In 2014, three units of investment properties, at 6B Cable Road and two units at Gallop Green, have been reclassified as held for sale of which the sales were completed in 2015.

Non-current assets held for sale

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Assets:				
Investment properties (note 16)	**17,771**	42,317	**17,771**	–

(b) On 24 December 2014, the Group entered into a share transfer agreement with Baijia International Group (Hong Kong) Limited to sell all the shares in Shanghai Straits Trading Co., Ltd. for a consideration of RMB19.27 million. The sale was completed in February 2015.

(c) On 1 June 2014, the Group entered into a sale and purchase agreement with Berkeley Kensington Group Limited to dispose of its entire interest in Bemban Corporation Limited ("BCL") group for a total consideration of USD1 million. The sale was completed on 2 June 2014. Its 2014 results was disclosed in note 25(d).

25 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

Balance sheet disclosures

The major classes of assets and liabilities of discontinued operations and disposal group classified as held for sale and the related reserves are as follows:

Disposal group classified as held for sale

	Group 2014 Shanghai Straits Trading Co., Ltd. $'000
Assets:	
Trade and other receivables	17
Cash and cash equivalents (note 28)	4,502
Assets of disposal group classified as held for sale	4,519
Liabilities:	
Trade and other payables	(27)
Liabilities directly associated with disposal group classified as held for sale	(27)
Net assets of disposal group classified as held for sale	4,492
Reserves:	
Translation reserve	250

The effects of the sale are as follows:

	Group	
	2015 **Shanghai Straits Trading Co., Ltd.** **$'000**	2014 BCL Group $'000
Net assets/(liabilities) disposed/disposal group classified as held for sale	**4,128**	(6,560)
Realisation of translation reserve	**(295)**	6,401
De-recognition of non-controlling interest	**–**	7,940
Total sale proceeds	**(4,194)**	(1,259)
(Gain)/loss on sale recognised in profit or loss of the Group	**(361)**	6,522
Realisation of revaluation reserves	**–**	(927)
Gain on sale directly charged to equity of the Group	**–**	(927)
The cash inflow arising on sale is as follows:		
Sale proceeds, net of expenses	**4,194**	1,259
Less: receivable	**–**	(750)
Repayment of amount due from subsidiary	**419**	–
Consideration settled in cash	**4,613**	509
Less: cash and cash equivalents of subsidiaries disposed	**(4,574)**	(292)
Net cash inflow	**39**	217

25. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

(d) The discontinued operations disclosure below includes results of PT MSC Indonesia ("PT MSCI") for which the sale was completed on 2 June 2014. The effects of sale relating to this subsidiary are in note 18.

Income statement disclosures

The results of the discontinued operations for the year ended 31 December 2014 were as follows:

	Group 2014 $'000
Other items of income	
Other income	140
Other items of expense	
Employee benefits expense	(75)
Depreciation expense (note 15)	(32)
Other expenses	(7,737)
Total expenses	(7,844)
Loss from discontinued operations	(7,704)

Cash flow statement disclosures

The cash flows attributable to the discontinued operations for the year ended 31 December 2014 were as follows:

	Group 2014 $'000
Net operating cash inflows	202

Loss per share disclosures

	Group 2014 $'000
Loss per share from discontinued operations attributable to owners of the Company (cents per share)	
Basic	(0.4)
Diluted	(0.4)

The assets and liabilities classified as held for sale on the Group's balance sheet were measured at the lower of carrying amounts and fair values less costs to sell.

26. DEVELOPMENT PROPERTIES FOR SALE

	Group	
	2015	2014
	$'000	$'000
Completed units, at cost	**70**	237

Cost of development properties sold during the year amounted to $36,000 (2014: $82,000). This is included in other expenses in profit or loss.

Details of the properties as at 31 December 2015 are as follows:

Description of properties	**Group's Effective Interest in Property**	**Floor Area sq.m.**
1 unit of 4-storey (2014: 5 units of 4-storey) shop houses at Jalan Selat, Taman Selat, Butterworth	**100%**	596 (net)

27. INVENTORIES

	Group	
	2015	2014
	$'000	$'000
Balance sheet:		
At lower of cost or net realisable value:		
Inventories of:		
– Tin-in-concentrates	**18,992**	23,306
– Tin-in-process	**50,238**	50,304
– Refined tin metal	**13,361**	17,008
Other inventories (stores, spares, fuels, coal and saleable by-products)	**6,229**	5,467
	88,820	96,085
Income statement:		
Inventories recognised as an expense in cost of sales	**481,112**	686,533
Inclusive of the following charge:		
Inventories written-down	**4,698**	1,211

28 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**61,976**	142,729	**23,256**	113,236
Short-term deposits	**177,349**	337,441	**82,323**	274,174
	239,325	480,170	**105,579**	387,410

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are placed for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2015 for the Group and the Company were 1.5% (2014: 1.2%) per annum and 1.2% (2014: 0.9%) per annum respectively. Certain cash balances are pledged to secure bank facilities (note 32).

Cash and cash equivalents denominated in foreign currencies other than the functional currencies of the respective Group entities are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Australian Dollar	**1,844**	1,384	**1,393**	1,384
United States Dollar	**4,591**	4,099	**–**	–
Singapore Dollar	**20,954**	10,552	**–**	–
Hongkong Dollar	**–**	829	**–**	–
Japanese Yen	**548**	633	**–**	–

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2015	2014
	$'000	$'000
Cash and cash equivalents of the Group	**239,325**	480,170
Disposal group classified as held for sale (note 25)	**–**	4,502
	239,325	484,672

29. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares	**Share capital $'000**	Number of shares	Share capital $'000
Ordinary shares issued and fully paid:				
At 1 January and 31 December	**408,095,772**	**568,968**	408,095,772	568,968

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

30. RESERVES

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Retained earnings [(a)]	**782,253**	787,375	**86,250**	89,069
AFS reserve [(b)]	**(23,922)**	19,102	**–**	–
Hedging reserve [(c)]	**(1,811)**	(1,367)	**–**	–
Revaluation reserve [(d)]	**15,578**	8,034	**202**	208
Translation reserve [(e)]	**(43,902)**	(27,365)	**(18,281)**	(8,382)
Other reserves	**(54,057)**	(1,596)	**(18,079)**	(8,174)

(a) Retained Earnings

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
At 1 January	**787,375**	784,145	**89,069**	16,579
Net changes in the reserve	**(5,122)**	3,230	**(2,819)**	72,490
At 31 December	**782,253**	787,375	**86,250**	89,069
Net changes in the reserve:				
– Profit for the year	**8,549**	18,586	**10,845**	88,814
– Dividend on ordinary shares (note 35)	**(16,324)**	(16,324)	**(16,324)**	(16,324)
– Dilution of ownership interest in subsidiaries that do not result in a loss of control	**(7)**	–	**–**	–
– Unclaimed dividends written back	**2,660**	–	**2,660**	–
– Realisation of revaluation reserve upon disposal	**–**	968	**–**	–
	(5,122)	3,230	**(2,819)**	72,490

30. RESERVES (CONT'D)

(b) AFS Reserve

AFS reserve records the cumulative fair value changes of available-for-sale financial assets until they are de-recognised or impaired. The movements in the AFS reserve are as follows:

	Group	
	2015	2014
	$'000	$'000
At 1 January	**19,102**	(6,924)
Net changes in the reserve	**(43,024)**	26,026
At 31 December	**(23,922)**	19,102
Net changes in the reserve:		
– Net fair value changes during the year	**(39,107)**	20,561
– Recognised in profit or loss:		
– on disposal of investment securities	**–**	2,286
– Reversal of fair value changes on investment securities re-designated as marketable securities	**–**	1,050
– Share of reserve of associates	**(3,917)**	2,129
	(43,024)	26,026

(c) Hedging Reserve

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge. The movements in the hedging reserve are as follows:

	Group	
	2015	2014
	$'000	$'000
At 1 January	**(1,367)**	(363)
Net changes in the reserve	**(444)**	(1,004)
At 31 December	**(1,811)**	(1,367)
Net changes in the reserve:		
– Net fair value changes during the year	**(480)**	(616)
– Recognised in profit or loss:		
– Ineffective cash flow hedge	**28**	(70)
– Share of reserve of associates	**8**	(318)
	(444)	(1,004)

30. RESERVES (CONT'D)

(d) Revaluation Reserve

Revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The movements in the revaluation reserve are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At 1 January	**8,034**	1,893	**208**	202
Net changes in the reserve	**7,544**	6,141	**(6)**	6
At 31 December	**15,578**	8,034	**202**	208
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	**794**	745	**(6)**	6
– Sale of a subsidiary	**–**	(41)	**–**	–
– Share of reserve of an associate	**6,750**	5,437	**–**	–
	7,544	6,141	**(6)**	6

(e) Translation Reserve

Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's and Company's presentation currency. It is also used to record the effect of exchange differences arising from monetary items which form part of the Group's net investments in foreign operations. The movements in the translation reserve are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At 1 January	**(27,365)**	(25,901)	**(8,382)**	(7,323)
Net effect of exchange adjustments	**(16,537)**	(1,464)	**(9,899)**	(1,059)
At 31 December	**(43,902)**	(27,365)	**(18,281)**	(8,382)
Net effect of exchange adjustments:				
– Translation of foreign operations	**(7,568)**	1,031	**(9,899)**	(1,059)
– Net investments in foreign operations	**(3,259)**	(305)	**–**	–
– Transfer to profit or loss on disposal of a subsidiary	**–**	(719)	**–**	–
– Attributable to disposal group classified as held for sale	**(46)**	(761)	**–**	–
– Share of reserve of associates	**(5,664)**	(710)	**–**	–
	(16,537)	(1,464)	**(9,899)**	(1,059)

31. PROVISIONS

	Provision for mine rehabilitation $'000	Provision for mine restoration $'000	Provision for income support $'000	Provision for repairs $'000	Provision for financial guarantee $'000	Total $'000
GROUP						
At 1 January 2015	–	3,916	683	23,477	3,974	32,050
Provision/(reversal) made during the year	–	2,411	(360)	–	–	2,051
Discount adjustment on provision (note 10)	–	128	–	–	–	128
Provision utilised	–	–	(323)	(2,337)	–	(2,660)
Exchange adjustment	–	(532)	–	(1,555)	(803)	(2,890)
At 31 December 2015	**–**	**5,923**	**–**	**19,585**	**3,171**	**28,679**
Non-current	–	5,923	–	–	–	5,923
Current	–	–	–	19,585	3,171	22,756
	–	**5,923**	**–**	**19,585**	**3,171**	**28,679**
At 1 January 2014	40	3,851	–	15,543	–	19,434
Provision made during the year	–	–	683	8,285	3,748	12,716
Discount adjustment on provision (note 10)	–	136	–	–	–	136
Sale of a subsidiary (note 18)	(40)	–	–	–	–	(40)
Provision utilised	–	–	–	(448)	–	(448)
Exchange adjustment	–	(71)	–	97	226	252
At 31 December 2014	–	3,916	683	23,477	3,974	32,050
Non-current	–	3,916	–	–	–	3,916
Current	–	–	683	23,477	3,974	28,134
	–	3,916	683	23,477	3,974	32,050

The provision for mine restoration is in respect of mine restoration costs to be incurred subsequent to the cessation of production of each mine property. It is provided based on the present value of the estimated expenditure to be incurred.

The provision for repairs recorded by the Company relates to provisions made for contractual obligations arising from discontinued operations.

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32. BORROWINGS

	Group 2015 $'000	Group 2014 $'000
Non-current		
Secured bank loans	**373,985**	219,030
Unsecured bank loans	**–**	24,246
	373,985	243,276
Current		
Secured bank loans	**48,663**	80,004
Unsecured bank loans	**129,019**	142,992
	177,682	222,996
Total borrowings	**551,667**	466,272

Interest rates and maturity of loans

	Group 2015 % per annum	Group 2014 % per annum
Floating rate loans	**0.8 to 6.4**	0.8 to 5.4
Fixed rate loans	**2.2**	1.7 to 2.6

	Group 2015 $'000	Group 2014 $'000
Not later than 1 year	**177,682**	222,996
Later than 1 year but not later than 5 years	**317,153**	243,276
More than 5 years	**56,832**	–
	551,667	466,272

Secured

The secured bank loans are collaterised by the following assets:

	Group 2015 $'000	Group 2014 $'000
Investment properties (note 16(c))	**290,459**	53,778
Associate (note 19.1(b))	**308,378**	305,402
Investment securities (note 22(a))	**128,432**	112,430
Marketable securities (note 22(b))	**57,373**	67,702
Cash and cash equivalents (note 28)	**20,430**	20,119
	805,072	559,431

32. BORROWINGS (CONT'D)

Unsecured

Included in the unsecured bank loans are the following:

Short-term trade financing is denominated in US Dollar. Bankers' acceptances are denominated in Malaysian Ringgit. All these facilities were utilised for working capital requirements involving purchases and sales of tin concentrates and tin metal.

The interest rates of the bank loans are repriced at intervals of 3 months to 12 months (2014: 1 month to 3 months).

33. OTHER NON–CURRENT LIABILITIES

	Group	
	2015	2014
	$'000	$'000
Unrealised profit on sale of properties to associates	**214**	256
Other liabilities	**251**	64
	465	320

34. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current:				
Trade payables	**49,739**	9,311	**176**	56
Advance receipts and billings	**274**	360	**12**	14
Amounts due to associates	**91**	9	**–**	3
	50,104	9,680	**188**	73
Other payables				
Amounts due to subsidiaries	**–**	–	**487,382**	528,306
Amounts due to non-controlling shareholders of subsidiaries	**21,609**	21,403	**–**	–
Accrual for balance payment of property and other charges	**33,584**	23,850	**2,218**	4,929
Other deposits	**1,433**	2,514	**344**	370
Amounts due to associates	**570**	5,349	**–**	832
Amounts due to a joint venture	**15,662**	14,684	**–**	–
	72,858	67,800	**489,944**	534,437
Trade and other payables	**122,962**	77,480	**490,132**	534,510
Trade and other payables	**122,962**	77,480	**490,132**	534,510
Less: Advance receipts and billings	**(274)**	(360)	**(12)**	(14)
	122,688	77,120	**490,120**	534,496
Add: Other non-current liabilities (note 33)	**251**	64	**–**	–
Loans and borrowings (note 32)	**551,667**	466,272	**–**	–
Total financial liabilities carried at amortised cost	**674,606**	543,456	**490,120**	534,496

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34. TRADE AND OTHER PAYABLES (CONT'D)

Trade payables

The Group's normal trade credit ranges from cash payment to 90-day terms.

Amounts due to subsidiaries

The amounts payable to subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand.

Amounts due to non-controlling shareholders of subsidiaries

The amounts due to non-controlling shareholders are:

(a) share of funding to the Group's 89.5% owned subsidiary, Straits Real Estate Pte. Ltd.. The amounts are unsecured, bear interest at 2.8% per annum and repayable on demand.

(b) dividend declared by a subsidiary during the year and paid in 2016.

Amounts due to associates

The amounts payable to associates are non-trade related, non-interest bearing and repayable on demand.

Amounts due to a joint venture

The amount payable to a joint venture is non-trade related, non-interest bearing and repayable on demand.

Trade and other payables denominated in foreign currencies other than the functional currencies of the respective Group entities are as follows:

	Group	
	2015	2014
	$'000	$'000
Japanese Yen	**21,564**	–
United States Dollar	**33,084**	17,840
Australian Dollar	**14,895**	1
Hongkong Dollar	**7,344**	34

35. DIVIDENDS

	Group and Company	
	2015	2014
	$'000	$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
• 2014 Interim dividend paid in 2015: 4 cents per share tax exempt (one-tier tax) (2013 Interim dividend paid in 2014: 4 cents per share tax exempt (one-tier tax))	**16,324**	16,324
Declared but not recognised as a liability as at 31 December:		
Dividends on ordinary shares:		
• Interim dividend for 2015: 4 cents per share tax exempt (one-tier tax) (Interim dividend for 2014: 4 cents per share tax exempt (one-tier tax))	**16,324**	16,324

There is no taxation consequence arising from the dividends declared on the Company.

36. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are analysed as follows:

	Group	
	2015	2014
	$'000	$'000
Property, plant and equipment	**500**	1,020
Investment properties *	**24,162**	96,954
	24,662	97,974

* For 2015, the amount relates to the asset enhancement works for the retail mall in Chongqing, China and office in Melbourne, Australia.

For 2014, the amount was related to the retail development in Chongqing, China (note 24(b)).

37. LEASE COMMITMENTS

Operating Lease Commitments

(a) For Lessor

The Group and Company have entered into property lease agreements on their investment properties and completed development properties for sale. These non-cancellable leases have remaining non-cancellable lease terms of up to 6 years. Contingent lease receipts are subject to the revenue exceeding a level stated in the respective agreements. Certain property lease agreements have renewal options; and restrict any assignment and subletting of the lease properties.

During the year, there were no contingent lease receipts recognised in profit or loss at Group level (2014: $8,000).

Future minimum lease receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**10,906**	6,761	**1,446**	1,637
Later than 1 year but not later than 5 years	**13,673**	4,117	**737**	1,648
Later than five years	**1,093**	–	**–**	–
	25,672	10,878	**2,183**	3,285

(b) For Lessee

The Group has entered into operating lease agreements for properties and office equipment. These non-cancellable operating leases have remaining non-cancellable lease terms of up to 4 years. Contingent rents are payable subject to the related revenue exceeding a level stated in the respective agreements. Certain property lease agreements have renewal options. The lessee shall not assign, mortgage or charge the lease property without prior consent of the landlord. There is no restriction imposed by lease arrangements, such as those concerning dividends and additional debt.

Operating lease payments recognised in profit or loss are as follows:

	Group	
	2015	2014
	$'000	$'000
Minimum lease payments	**1,779**	1,178
Contingent lease payments	**–**	52
	1,779	1,230

Future minimum lease payable under non–cancellable operating leases are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than 1 year	**1,757**	1,759
Later than 1 year but not later than 5 years	**305**	2,006
	2,062	3,765

38. RELATED PARTY DISCLOSURES

(a) Sale and Purchase of Goods and Services

In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties are as follows:

	Group	
	2015	2014
	$'000	$'000
Associates/joint ventures		
Sales of goods	**17,383**	18,325
Interest income	**1,291**	1,384
Receiving of services	**2,873**	7,737
Waiver on advances received from a joint venture	**–**	3,216
Reversal of interest charged to a joint venture	**–**	268
Holding company		
Receiving of services	**–**	100
Other related parties		
Office leases	**–**	761

Please refer to notes 21 and 34 for information on amounts due from/to subsidiaries, associates and joint ventures.

(b) Key Management Personnel Compensation

The key management personnel compensation are as follows:

	Group	
	2015	2014
	$'000	$'000
Directors' fees	**908**	828
Short-term employee benefits	**1,479**	2,124
Defined contribution plans	**39**	27
	2,426	2,979

39. CONTINGENT LIABILITIES

	Company	
	2015	2014
	$'000	$'000
Financial support given to those subsidiaries having:		
– deficiencies in shareholders' funds	**84,851**	5,244
– current liabilities in excess of current assets	**130,527**	529,910

40. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. Apart from those risks generated from operations such as extending credits and cash flow management, other risks include the effects of changes in debt and equity market prices, foreign currency exchange rates, interest rates and commodity prices.

The Group's management monitors its financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, where appropriate, for its risk management activities.

There has been no change to the Group's exposure to these risks or the manner in which it manages the risks.

The policies for managing these risks are summarised below.

(a) Foreign exchange risk

The Group operates mainly in Asia Pacific and has exposure to foreign exchange risk as a result of sales or purchase transactions that are denominated in a currency other than the functional currencies of the respective Group entities. These foreign exchange risk exposures are mainly in Australian Dollar, United States Dollar, and Japanese Yen. The Group uses forward currency contracts to manage these exposures where appropriate. The Group also uses loans in foreign currency to hedge its exposure to foreign exchange risk on investments in foreign operations where appropriate.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax and equity to a reasonably possible change in the exchange rates of the United States Dollar, Australian Dollar, Singapore Dollar and Japanese Yen against the functional currencies of the respective Group entities, with all other variables held constant.

		Group			
		2015		2014	
		Profit after tax $'000	**Equity $'000**	Profit after tax $'000	Equity $'000
United States Dollar	strengthened 5% (2014: 5%)	**(1,509)**	**(1,794)**	(4,024)	(2,591)
	weakened 5% (2014: 5%)	**(64)**	**1,792**	839	2,591
Australian Dollar	strengthened 5% (2014: 5%)	**792**	**–**	57	–
	weakened 5% (2014: 5%)	**(792)**	**–**	(57)	–
Singapore Dollar	strengthened 5% (2014: 5%)	**764**	**(837)**	289	(837)
	weakened 5% (2014: 5%)	**(764)**	**837**	(289)	837
Japanese Yen	strengthened 5% (2014: 5%)	**35**	**(723)**	243	–
	weakened 5% (2014: 5%)	**(35)**	**723**	(243)	–

40. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Foreign exchange risk (cont'd)

At the end of the reporting period, approximately:

(i) 42% (2014: 37%) of the Group's trade and other receivables as well as 63% (2014: 23%) of the Group's trade and other payables are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar, Japanese Yen and Australian Dollar.

(ii) 12% (2014: 4%) of the Group's cash and cash equivalents are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Singapore Dollar, United States Dollar and Australian Dollar.

(iii) 8% (2014: 6%) of the Group's borrowings are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar, Japanese Yen and Australian Dollar.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its cash deposits and debt obligations.

The Group's policy is to manage its interest cost using a combination of fixed and floating rate debts and also derivative financial instruments such as interest rate swaps and cross currency swaps to hedge interest rate risks.

Surplus funds are placed with reputable banks to generate interest income for the Group.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax through the impact on interest income from bank deposits and interest expense on floating rate borrowings:

	Group	
	Increase/ decrease in basis point	Effect on profit after tax $'000
31 December 2015		
– Singapore Dollar	+25	244
	–25	(244)
– Malaysian Ringgit	+25	(154)
	–25	154
– Chinese Renminbi	+25	(107)
	–25	107
– Japanese Yen	+25	(75)
	–25	75

40. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Group	
	Increase/ decrease in basis point	**Effect on profit after tax $'000**
31 December 2014		
– Singapore Dollar	+25	505
	–25	(505)
– Malaysian Ringgit	+25	(165)
	–25	165
– Japanese Yen	+25	(20)
	-25	20

At the end of the reporting period, for the increase/decrease in the various basis points on interest rates for the various currencies, the effects associated with such changes on the Group's profit after tax are as illustrated above.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The credit risk arising from the Group's normal commercial operations is controlled by individual operating units within strict credit control and guidelines. Policies are in place to ensure on-going credit evaluation and active account monitoring.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment/marketable securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

40. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	Group				Company			
	2015		2014		**2015**		2014	
	$'000	**% of total**	$'000	% of total	**$'000**	**% of total**	$'000	% of total
By country:								
Singapore	**69,672**	**54**	74,704	64	**842,516**	**97**	553,624	99
Malaysia	**6,867**	**5**	7,044	6	**23,747**	**3**	4,455	1
Indonesia	**16,351**	**13**	1,505	1	**–**	**–**	–	–
Australia	**13,089**	**10**	3,318	3	**–**	**–**	–	–
China, including Hong Kong and Taiwan	**1,790**	**1**	4,203	4	**–**	**–**	–	–
South Africa	**8,685**	**7**	5,763	5	**–**	**–**	–	–
Germany	**2,350**	**2**	3,079	3	**–**	**–**	–	–
Other countries	**9,348**	**8**	16,474	14	**–**	**–**	–	–
	128,152	**100**	116,090	100	**866,263**	**100**	558,079	100

Approximately 52% (2014: 57%) of the Group's trade and other receivables were due from an associate located in Singapore.

40. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group manages its asset and debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met in a timely and cost-effective manner. Procedures have been established to monitor and control liquidity on a daily basis by adopting a cash flow management approach.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

The following summarises the maturity profile of the Group's and Company's financial assets and liabilities used for managing liquidity risk at the end of the reporting period based on contractual undiscounted repayment obligations, including estimated interest payments:

	2015 $'000				2014 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Financial assets:								
Marketable securities	**178,282**	**–**	**–**	**178,282**	78,699	–	–	78,699
Trade and other receivables	**127,420**	**–**	**1,855**	**129,275**	114,950	994	1,269	117,213
Derivatives	**200**	**–**	**–**	**200**	–	–	–	–
Cash and cash equivalents	**239,325**	**–**	**–**	**239,325**	480,170	–	–	480,170
Total undiscounted financial assets	**545,227**	**–**	**1,855**	**547,082**	673,819	994	1,269	676,082
Financial liabilities:								
Trade and other payables	**122,688**	**–**	**–**	**122,688**	77,120	–	–	77,120
Other non-current liabilities	**–**	**251**	**–**	**251**	–	64	–	64
Loans and borrowings	**187,135**	**338,066**	**59,430**	**584,631**	229,051	251,663	–	480,714
Derivatives	**3,734**	**24**	**–**	**3,758**	2,142	181	–	2,323
Total undiscounted financial liabilities	**313,557**	**338,341**	**59,430**	**711,328**	308,313	251,908	–	560,221
Total net undiscounted financial assets/(liabilities)	**231,670**	**(338,341)**	**(57,575)**	**(164,246)**	365,506	(250,914)	1,269	115,861

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40. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	2015 $'000				2014 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Company								
Financial assets:								
Trade and other receivables	**866,263**	**–**	**–**	**866,263**	558,079	–	–	558,079
Cash and cash equivalents	**105,579**	**–**	**–**	**105,579**	387,410	–	–	387,410
Total undiscounted financial assets	**971,842**	**–**	**–**	**971,842**	945,489	–	–	945,489
Financial liabilities:								
Trade and other payables	**490,120**	**–**	**–**	**490,120**	534,496	–	–	534,496
Total undiscounted financial liabilities	**490,120**	**–**	**–**	**490,120**	534,496	–	–	534,496
Total net undiscounted financial assets	**481,722**	**–**	**–**	**481,722**	410,993	–	–	410,993

Investment securities held for strategic purpose are excluded from the tables above.

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2015 $'000				2014 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Financial guarantees	**3,145**	**–**	**–**	**3,145**	378	–	–	378
Company								
Financial guarantees	**–**	**300,000**	**–**	**300,000**	22,323	300,000	–	322,323

40. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Equity price risk

Changes in the market value of investment securities can affect the net income and financial position of the Group. The Group diversifies its investments by business sector and by country. It manages the risk of unfavourable changes by prudent review of the investments before investing and continuous monitoring of their performance and risk profiles.

The investment securities that are subject to equity price risk are classified as either held-for-trading or available-for-sale (AFS).

At the end of the reporting period, the Group's held-for-trading equity portfolio consists of shares of companies in Singapore of 61% (2014: 76%), Japan 13% (2014: Nil), China, Hong Kong 9% (2014: Nil) and 17% (2014: 24%) in other countries. If the equity prices had been 5% higher/lower with all other variables held constant, the Group's profit after tax would have been $8,818,000 (2014: $3,266,000) higher/lower, arising as a result of higher/lower fair value changes.

At the end of the reporting period, 97% (2014: 99%) of the Group's AFS equity portfolio consists of shares of companies in Singapore and 3% (2014: 1%) in Canada. If the Singapore and Canada equity prices had been 5% higher/lower with all other variables held constant, the Group's AFS reserve in equity would have been $7,421,000 (2014: $9,333,000) higher/lower, arising as a result of higher/lower fair value changes.

(f) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is exposed to commodity price risk on revenue for sales of tin as well as production cost for fuel consumed in the operations.

The commodity price risk on revenue for sales of tin is managed through contractual arrangements with customers and forward commodity contracts. At the reporting date, there was no such contract outstanding.

The commodity price risk on production cost for fuel is managed through forward commodity contracts. The terms of the forward commodity contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which are no longer expected to occur. The ineffective contracts recognised in profit or loss for the financial year ended 31 December 2015 was $226,000 (2014: Nil). The cash flow hedges of certain contracts were assessed to be highly effective and a net unrealised loss of $1,288,000 (2014: $160,000) with a deferred tax credit of $309,000 (2014: $38,000) relating to the hedging instruments is included in other comprehensive income.

The following table demonstrates the sensitivity to a reasonably possible change in the commodity price, with all other variables held constant, of the Group's profit or loss net of tax and equity at the reporting date:

		Increase/ (Decrease) in profit net of tax		Increase/ (Decrease) in equity	
		2015	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
Fuel price	increased by 5%	**(13)**	(45)	**64**	78
	decreased by 5%	**23**	(201)	**(64)**	(78)

40. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Capital Management

Capital includes debt and equity items as disclosed in the following table.

The Group's objective is to provide a reasonable return to shareholders by investing into businesses that commensurate with the level of risks. This also takes into account synergies with other operations and activities, the availability of management and other resources, and the fit of the activities with the Group's longer strategic objectives.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the various core businesses. The Group allocates the amount of capital in proportion to risk, manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets or increase borrowings. The Group monitors the return of capital, which is defined as total shareholders' equity (excluding non-controlling interests), gearing ratio, which is defined as borrowings net of cash over total equity and the level of dividends to shareholders. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

	Group	
	2015	2014
	$'000	$'000
Share capital	**568,968**	568,968
Retained earnings	**782,253**	787,375
Other reserves	**(54,057)**	(1,596)
Reserve of disposal group classified as held for sale	**–**	250
Equity attributable to owners of the Company	**1,297,164**	1,354,997
Non-controlling interests	**73,049**	50,901
Total equity	**1,370,213**	1,405,898
Net borrowings/(Net cash)	**312,342**	(18,400)
Gearing ratio	**22.8%**	–

41. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

(a) The Group has the following derivative financial instruments at balance sheet date:

At 31 December 2015:

	Notional Amount		Fair Value	
	Asset $'000	Liability $'000	Asset $'000	Liability $'000
Forward currency contracts	648	49,965	1	1,807
Forward commodity contracts	–	3,249	–	1,514
Contract for differences	9,258	8,993	199	413
Interest rate swap contracts	–	100,327	–	24
	9,906	162,534	200	3,758

At 31 December 2014:

	Notional Amount		Fair Value	
	Asset $'000	Liability $'000	Asset $'000	Liability $'000
Forward currency contracts	–	72,395	–	2,142
Forward commodity contracts	–	2,118	–	160
Interest rate swap contracts	–	9,926	–	21
	–	84,439	–	2,323

Please refer to note 23 for detailed information relating to the risk being hedged.

(b) Hedge of net investments in foreign operations

Included in borrowings (note 32) at 31 December 2015 was a loan of Japanese Yen1.23 billion which has been designated as a hedge against the net investment denominated in Japanese Yen. It is being used to hedge the Group's exposure to foreign currency risk on this investment. Gain or loss on the retranslation of the borrowing is taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment.

42. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. The recoverable amount of the cash-generating unit is determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the terminal growth rate. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in note 17. The carrying amount of goodwill at 31 December 2015 was $17,604,000 (2014: $20,247,000).

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated using the appropriate basis as outlined in note 2.10 over the estimated useful lives of these assets. The carrying amount of the Group's property, plant and equipment at 31 December 2015 was $34,434,000 (2014: $35,737,000).

The cost of plant and machinery for tin smelting and refining is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 40 years. These are common life experiences applied in such industry. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

In the tin mining subsidiaries, plant and equipment used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves and resources over the estimated useful lives of the assets. Changes in estimated economically recoverable ore reserves and resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the changes arise. Changes in the estimated economically recoverable ore reserves and resources and the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

The carrying amount of property, plant and equipment related to the subsidiary in resources business amount to $32,810,000 (2014: $33,789,000).

42. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Estimation Uncertainty (cont'd)

(iii) Amortisation and impairment of mining rights, deferred mine exploration and evaluation expenditures and mine properties

These require estimates and assumptions on the quantity of economically recoverable ore reserves and resources, expected future costs and expenses to produce the metal or minerals, effective interest rates, expected future prices used in the impairment test for mining rights, deferred mine exploration and evaluation expenditures and mine properties. The estimate of the quantity of economically recoverable ore reserves and resources are also used for the amortisation of mining rights and mine properties. Actual outcomes could differ from these estimates and assumptions.

	Group	
	2015	2014
	$'000	$'000
Deferred mine exploration and evaluation expenditure	**1,935**	1,500
Mine properties	**2,138**	2,835
Mining rights	**2,367**	3,058

(iv) Revaluation of properties

The Group carries its properties at fair value. Changes in fair values of investment properties are recognised in profit or loss and changes in fair values of the other properties are recognised in other comprehensive income respectively.

The fair values of properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise comparison method, income capitalisation method/ discounted cash flow method and depreciated replacement cost method.

The determination of the fair values of the properties require the use of estimates such as:

- sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value,
- an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation,
- capitalisation of net rental income taking into consideration such as vacancy rates and rental growth rates; and
- estimation of net income stream over a period and discounting the net income stream; taking into consideration a range of assumptions such as terminal yield rate, discount rate and rental growth.

(v) Impairment loss on investments in associates and joint ventures and unquoted investment

MSC has associates and joint ventures and unquoted investment which are principally involved in exploration, mining and processing of various minerals and metals. The impairment assessment of the Group's investment in an associate, Guilin Hinwei Tin Co Ltd. ("Guilin"), a joint venture, KM Resources. Inc. and its unquoted investment in TMR Ltd. ("TMR") are based on estimated fair value less costs to sell. These require estimates and assumptions on the net assets, future prospect or expected commencement date for commercial production. Actual outcomes could differ from these estimates and assumptions. The carrying values of Guilin and TMR had been fully impaired.

42. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Estimation Uncertainty (cont'd)

(vi) Inventories

Inventories are stated at the lower of cost and net realisable value. Significant management judgement and in certain circumstances estimate on the physical stock quantity are required to determine their cost and net realisable value.

Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(vii) Provision for mine restoration costs

Provision for mine restoration costs are provided based on the present value of the estimated future expenditure to be incurred subsequent to the cessation of production. Significant management judgement and estimation are required in determining the future expenditure, the cessation date of production and the discount rate. The mine restoration plan was submitted by a subsidiary to the relevant authorities in prior year. The carrying amount of provision for mine restoration disclosed in note 31 is based on modifications proposed by the consultant appointed during the year ended 31 December 2015. As the mine restoration plan is still being reviewed by the relevant authorities, the final amount cannot be determined at this juncture. Where expectations from the relevant authorities differ from the plan submitted or actual amount differs from the original estimates, the differences may significantly impact the carrying amount of provision for mine restoration costs.

(viii) Economically recoverable ore reserves and resources

Economically recoverable ore reserves and resources are estimates of the amount of ore that can be economically and legally recoverable from the mine properties. The Group estimates its ore reserves and resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves and resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of investments in associates and joint ventures, unquoted investment, mining rights, deferred exploration and evaluation expenditures, mine properties, property, plant and equipment, goodwill, provision for mine restoration costs, recognition of deferred tax assets and deferred tax liabilities, tax recoverable and depreciation and amortisation charges.

(b) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

42. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Judgements (cont'd)

(i) *Income taxes* (cont'd)

The carrying amounts are as follows:

	Group	
	2015	2014
	$'000	$'000
Income tax receivables	**3,526**	1,368
Income tax payable	**2,083**	1,682
Deferred tax assets	**1,599**	1,550
Deferred tax liabilities	**5,654**	6,051

(ii) *Impairment of investment securities*

The Group reviews its equity investments classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

43. FAIR VALUE OF ASSETS AND LIABILITIES

A. Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2015 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Held-for-trading financial assets (note 22)				
Equity securities				
Quoted equity securities	154,915	–	–	154,915
Quoted bonds	23,367	–	–	23,367
Available-for-sale financial assets (note 22)				
Equity securities				
Quoted equity securities	162,055	–	–	162,055
Derivatives (note 23)				
Forward currency contracts	–	1	–	1
Contract for differences	–	199	–	199
Financial assets as at 31 December 2015	340,337	200	–	340,537
Non-financial assets:				
Land and buildings (note 15)	–	–	16,504	16,504
Investment properties (note 16)	–	–	606,010	606,010
Non-current assets held for sale (note 25)	–	–	17,771	17,771
Non-financial assets as at 31 December 2015	–	–	640,285	640,285
Liabilities measured at fair value				
Financial liabilities:				
Derivatives (note 23)				
Forward currency contracts	–	1,807	–	1,807
Forward commodity contracts	–	1,514	–	1,514
Contracts for difference	–	413	–	413
Interest rate swap contracts	–	24	–	24
Total derivatives	–	3,758	–	3,758
Financial liabilities as at 31 December 2015	–	3,758	–	3,758

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2014 $'000 (Restated)			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Held-for-trading financial assets (note 22)				
Equity securities				
Quoted equity securities	54,994	–	–	54,994
Quoted bonds	23,705	–	–	23,705
Available-for-sale financial assets (note 22)				
Equity securities				
Quoted equity securities	202,488	–	–	202,488
Financial assets as at 31 December 2014	281,187	–	–	281,187
Non-financial assets:				
Land and buildings (note 15)	–	–	17,312	17,312
Investment properties (note 16)	–	–	399,763	399,763
Non-current assets held for sale (note 25)	–	–	42,317	42,317
Non-financial assets as at 31 December 2014	–	–	459,392	459,392
Liabilities measured at fair value				
Financial liabilities:				
Derivatives (note 23)				
Forward currency contracts	–	2,142	–	2,142
Forward commodity contracts	–	160	–	160
Interest rate swap contracts	–	21	–	21
Total derivatives	–	2,323	–	2,323
Financial liabilities as at 31 December 2014	–	2,323	–	2,323

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Company 2015 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Non-financial assets:				
Land and buildings (note 15)	**–**	**–**	**124**	**124**
Investment properties (note 16)	**–**	**–**	**32,371**	**32,371**
Non-current assets held for sale (note 25)	**–**	**–**	**17,771**	**17,771**
Non-financial assets as at 31 December 2015	**–**	**–**	**50,266**	**50,266**

	Company 2014 $'000 (Restated) Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 15)	–	–	168	168
Investment properties (note 16)	–	–	53,135	53,135
Non-financial assets as at 31 December 2014	–	–	53,303	53,303

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

C. Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurements for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives (note 23): Forward currency contracts, forward commodity contracts, interest rate swap contracts and contract for differences are valued using a valuation technique with market observable inputs. These contracts are valued by financial institutions.

D. Level 3 fair value measurements

i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (level 3).

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Land and buildings in Malaysia	Comparison method and depreciated replacement cost method	– Comparable price: $163 to $2,650 per square meter (2014: $148 to $3,022 per square meter)	The estimated fair value increases with higher comparable price
Investment properties in Singapore, Malaysia, Australia and China	Income capitalisation method	– Capitalisation rate: 3.75% to 6.5%	The estimated fair value varies inversely against the capitalisation rate
		– Rental rate: $9.80 to $52.20 per square meter	The estimated fair value increases with higher rental rate
		– Net rental growth rate: 3.72%	The estimated fair value increases with higher net rental growth rate

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

D. Level 3 fair value measurements (cont'd)

i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Investment properties in Singapore, Malaysia, Australia and China	Discounted cashflow method	– Discount rate: 8% to 9%	The estimated fair value varies inversely against the discount rate
		– Terminal yield rate: 4.75% to 6.63%	The estimated fair value varies inversely against the terminal yield rate
		– Net rental growth rate: 3.72%	The estimated fair value increases with higher net rental growth rate
		– Net incentive rate: 15% to 27.5%	The estimated fair value varies inversely against the net incentive rate
	Direct comparison method	– Comparable price: $60 to $18,600 per square meter (2014: $70 to $19,300 per square meter)	The estimated fair value increases with higher comparable price
Asset held for sale	Direct comparison method	– Comparable price: $1,060 to $3,260 per square meter (2014: $1,180 to $3,230 per square meter)	The estimated fair value increases with higher comparable price

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43. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

D. Level 3 fair value measurements (cont'd)

ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group 2015 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	**Investment properties**	**Non-current assets held for sale**
At 1 January	**17,312**	**399,763**	**42,317**
Total gains or losses for the period	**1,702**	**(4,819)**	**–**
Depreciation	**(269)**	**–**	**–**
Additions	**3**	**216,777**	**–**
Disposal	**–**	**–**	**(42,317)**
Reclassification	**–**	**(17,771)**	**17,771**
Sale of a subsidiary	**–**	**(53,778)**	**–**
Reclassify from non-current assets	**–**	**74,491**	**–**
Exchange adjustment	**(2,244)**	**(8,653)**	**–**
At 31 December	**16,504**	**606,010**	**17,771**
Total gains or losses for the period included in			
Other comprehensive income:			
– Net surplus on revaluation of land and buildings	**1,702**	**–**	**–**

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

D. Level 3 fair value measurements (cont'd)

ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

	Group 2014 $'000 (Restated) Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	Investment properties	Non-current assets held for sale
At 1 January	16,766	849,910	–
Total gains or losses for the period	1,510	(4,021)	–
Transfer in	163	–	–
Depreciation	(307)	–	–
Additions	117	2,173	–
Disposals	–	(405,000)	–
Reclassification	–	(42,317)	42,317
Sale of a subsidiary	(613)	–	–
Exchange adjustment	(324)	(982)	–
At 31 December	17,312	399,763	42,317
Total gains or losses for the period included in			
Other comprehensive income:			
– Net surplus on revaluation of land and buildings	1,510	–	–

iii) Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

The Group revalues its properties and the valuation techniques used are as follows:

a) Comparison method that considers the sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.

b) Depreciated replacement cost method that is based on an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation.

c) The income capitalisation method is based on the capitalisation of net rental income taking into consideration such as vacancy rates, rental growth rates to arrive at the capital value. The net rental income is derived after deducting expenses and property related taxes from the gross rent.

d) The discounted cash flow method involves the estimation of net income stream over a period and discounting the net income stream; taking into consideration a range of assumptions such as terminal yield rate, discount rate and rental growth.

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

E. Assets and liabilities not carried at fair value but for which fair value is disclosed

The following tables show an analysis of the assets and liabilities not measured at fair value at 31 December 2015 but for which fair value is disclosed:

	Group 2015 $'000 Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**	**Carrying Amount**
Assets					
Associates	**235,566**	**–**	**–**	**235,566**	**339,396**
Liabilities					
Fixed rate bank loans	**–**	**–**	**217,921**	**217,921**	**219,415**

	Group 2014 $'000 Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying Amount
Assets					
Associates	288,830	–	–	288,830	305,042
Liabilities					
Fixed rate bank loans	–	–	221,558	221,558	219,030

<u>Determination of fair value</u>

<u>Associates</u>

The fair value as disclosed in the table above is the price on the last trading day in the Singapore Exchange Securities Trading Limited (SGX-ST).

<u>Fixed rate bank loans</u>

The fair value as disclosed in the table above is estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowings at the end of the reporting period.

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

F. Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximations of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximations of fair value are as follows:

	Group			
	2015 $'000		2014 $'000	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities:				
Fixed rate bank loans	**219,415**	**217,921**	219,030	221,558

44. COMPARATIVE FIGURES

The following comparative figures in the cash flow statement have been reclassified to conform to the current year's presentation and to better reflect the nature of the transactions.

	2014	
	As previously reported $'000	**As reclassified $'000**
Consolidated Cash Flow Statement		
Cash flows from operating activities		
Currency realignment	114	5,216
Write down of inventories	–	1,211
Operating cash flows before changes in working capital	23,202	29,515
Decrease in inventories	9,839	6,932
Increase in trade and other receivables	(10,339)	(11,004)
Decrease in trade and other payables	(13,690)	(13,407)
Cash flows used in operations	(54,924)	(51,900)
Net cash flows used in operating activities	(93,551)	(90,527)
Cash flows from investing activities		
Currency realignment	–	(277)
Net cash flows from investing activities	256,008	255,731
Cash flows from financing activities		
Currency realignment	–	(2,747)
Net cash flows from financing activities	48,809	46,062

45. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) The Resources' principal activities are in the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products, as well as investments in other metals and mineral resources.

(b) The Real Estate segment comprises property investment, sales and leasing, property development, as well as property and real estate fund management. This includes the Group's 20.1% stake in ARA Asset Management Limited and 89.5% stake in Straits Real Estate Pte. Ltd.

(c) The Hospitality business includes hotel ownership and hotel management under Far East Hospitality Holdings Pte. Ltd. ("FEHH"), the Group's 30% associate and investment in Far East Hospitality Trust.

(d) The segment for Others comprises Group-level corporate and treasury services.

45. SEGMENT INFORMATION (CONT'D)

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit, as explained in the table below.

Transactions between operating segments are based on terms agreed between the parties.

2015 Operating Segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	528,493	11,456	–	–	–	539,949
Inter-segment revenue	–	457	–	–	(457)	–
Total revenue	528,493	11,913	–	–	(457)	539,949
Segment results						
Operating profit	5,247	(3,154)	(63)	1,198	–	3,228
Fair value changes in investment properties	–	(4,819)	–	–	–	(4,819)
Impairment losses	(294)	–	–	–	–	(294)
Finance costs	(5,356)	(10,258)	–	(100)	–	(15,714)
Share of results of associates and joint ventures	600	25,575	2,300	–	–	28,475
Profit before tax	197	7,344	2,237	1,098	–	10,876
Income tax (expense)/credit	(2,801)	(3,398)	(225)	3,033	–	(3,391)
Profit/(loss) after tax	(2,604)	3,946	2,012	4,131	–	7,485
Profit/(loss) attributable to:						
Owners of the Company	(1,821)	4,227	2,012	4,131	–	8,549
Non-controlling interests	(783)	(281)	–	–	–	(1,064)
	(2,604)	3,946	2,012	4,131	–	7,485
Segment Assets	283,780	1,472,869	177,053	151,779		2,085,481
Segment Liabilities	187,723	500,120	–	27,425	–	715,268
Other information:						
Dividend income	–	23,757	636	1,014	–	25,407
Interest income	1,698	4,248	1,327	3,212	–	10,485
Depreciation	2,637	543	–	7	–	3,187
Amortisation	687	–	–	–	–	687
Other material non-cash items:						
Impairment of associates and joint venture	192	–	–	–	–	192
Impairment of available-for-sale investment securities	109	–	–	–	–	109
Revaluation surplus of properties	(7)	–	–	–	–	(7)
Associates and joint ventures	26,875	430,446	101,295	–	–	558,616
Additions to non-current assets	5,061	217,059	–	–	–	222,120

45. SEGMENT INFORMATION (CONT'D)

2014 Operating Segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	743,364	21,392	–	–	–	764,756
Inter-segment revenue	–	57	–	–	(57)	–
Total revenue	743,364	21,449	–	–	(57)	764,756
Segment results						
Operating profit	17,166	42,311	(2,616)	(11,313)	–	45,548
Fair value changes in investment properties	–	(4,021)	–	–	–	(4,021)
Impairment losses	(1,267)	–	–	–	–	(1,267)
Finance costs	(6,915)	(4,322)	–	(18,511)	–	(29,748)
Share of results of associates and joint ventures	(970)	16,340	(504)	–	–	14,866
Profit/(loss) before tax	8,014	50,308	(3,120)	(29,824)	–	25,378
Income tax (expense)/credit	(8,679)	(442)	(623)	560	–	(9,184)
Profit/(loss) after tax	(665)	49,866	(3,743)	(29,264)	–	16,194
Profit/(loss) attributable to:						
Owners of the Company	1,299	50,294	(3,743)	(29,264)	–	18,586
Non-controlling interests	(1,964)	(428)	–	–	–	(2,392)
	(665)	49,866	(3,743)	(29,264)	–	16,194
Segment Assets	278,113	1,144,335	171,950	397,705	–	1,992,103
Segment Liabilities	192,993	355,949	–	37,263	–	586,205
Other information:						
Dividend income	–	5,859	2,334	–	–	8,193
Interest income	2,789	764	1,327	515	–	5,395
Depreciation	2,428	521	–	8	–	2,957
Amortisation	683	–	–	–	–	683
Other material non-cash items:						
Impairment of associates and joint venture	1,219	–	–	–	–	1,219
Impairment of available-for-sale investment securities	37	–	–	–	–	37
Revaluation deficit of properties	11	–	–	–	–	11
Associates and joint ventures	25,922	307,869	94,401	–	–	428,192
Additions to non-current assets	6,158	77,431	–	–	–	83,589

45. SEGMENT INFORMATION (CONT'D)

Geographical Information

Revenues attributable to geographic areas are based on the location for which the revenue is earned or where the business is transacted. Geographical assets are based on the location or operation of the Group's assets.

2015 Geographical Information

	Singapore $'000	**Malaysia $'000**	**Australia $'000**	**China $'000**	**Consolidated $'000**
Segment revenue					
Revenue from external parties	5,062	531,589	3,298	–	539,949
Non-current assets	283,079	92,152	136,000	154,459	665,690

2014 Geographical Information

	Singapore $'000	Malaysia $'000	Australia $'000	China $'000	Consolidated $'000
Segment revenue					
Revenue from external parties	18,615	746,141	–	–	764,756
Non-current assets	346,925	117,607	–	74,491	539,023

Non-current assets information presented above consists of property, plant and equipment, investment properties, goodwill, other intangible assets and other non-current assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from two major customers amount to $176,832,000 (2014: one major customer amounted to $175,526,000), arising from sales by the Resources segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

46. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Country of Incorporation	Business	Effective Shareholding 2015 %	Effective Shareholding 2014 %	
Subsidiaries					
Held by the Company:					
Atbara Holdings Private Limited	Singapore	Property	**–**	100	(a)
Baxterley Holdings Private Limited	Singapore	Investment	**100**	100	
Bushey Park Private Limited	Singapore	Investment	**100**	100	
Malayan Securities Private Limited ∅	Singapore	Investment	**–**	100	
Malayan Tin Smelting Company Sendirian Berhad ∅∅	Malaysia	Investment	**100**	100	
Malaysia Smelting Corporation Berhad [1]	Malaysia	Tin mining & smelting	**28**	28	(b)
STC Capital Pte. Ltd.	Singapore	Investment	**100**	100	
STC International Private Limited	Singapore	Dormant	**100**	100	
STC Realty (Butterworth) Sendirian Berhad [1]	Malaysia	Property	**100**	100	
Straits Developments Private Limited	Singapore	Property	**100**	100	
STC Equities Holding Pte. Ltd. ∅	Singapore	Investment	**–**	100	
Straits Equities Holdings (One) Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Equities Holdings (Two) Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Investment Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Media Private Limited	Singapore	Media advertising	**100**	100	
Straits Trading Amalgamated Resources Private Limited	Singapore	Investment	**100**	100	
Sword Investments Private Limited	Singapore	Investment	**100**	100	
Sword Private Limited	Singapore	Investment	**100**	100	
Held through subsidiaries:					
STC International Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
STC International (Australia) Pty Ltd [1]	Australia	Investment	**100**	100	
STC International Properties Pte. Ltd.	Singapore	Property	**100**	100	
Straits Trading Amalgamated Resources Sendirian Berhad [1]	Malaysia	Investment	**100**	100	
Sword Properties Pty Ltd [1]	Australia	Trustee company	**100**	100	
Straits Real Estate Pte. Ltd.	Singapore	Property	**89**	89	
Straits Real Estate (Management) Pte. Ltd.	Singapore	Support management	**89**	89	
SRE Venture 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 2 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 3 Pte. Ltd.	Singapore	Investment	**89**	89	

46. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding 2015 %	2014 %	
Subsidiaries					
Held through subsidiaries:					
SRE Venture 4 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 5 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE China 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Capital Pte. Ltd.	Singapore	Investment	**89**	89	
ARA Summit Development Fund I, L.P. [(2)]	Cayman Islands	Investment	**89**	89	(c)
SDF R.E. Holdings Limited	British Virgin Islands ("BVI")	Investment	**89**	89	(d)
SDF R.E. Services Limited	BVI	Investment	**89**	89	(d)
SDF Canberra Investments Limited	BVI	Investment	**89**	89	(d)
SDF R.E. Holdings II Limited	BVI	Investment	**89**	–	(d)
SDF Canberra Investments II Limited	BVI	Investment	**89**	–	(d)
Chongqing Xinchuang Mall Management Co., Ltd. [(1)]	People's Republic of China	Real estate investment & management	**89**	89	
SRE Venture 6 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Asian Asset Income Fund [(1)] (renamed from SREV6 Cayman Ltd)	Cayman Islands	Investment	**88**	–	(e)
SRE Venture 7 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Venture 8 Pte. Ltd. [+++]	Singapore	Investment	**89**	–	
SRE Australia 1 Pte. Ltd. [+++]	Singapore	Investment	**89**	–	
SRE Investment 1 (Australia) Pty Ltd [(1)]	Australia	Property	**88**	–	
SRE Venture 9 Pte. Ltd. [+++]	Singapore	Investment	**89**	–	
Sword Unit Trust [(1)]	Australia	Property trust	**100**	100	
STC International Investment Holdings Pte. Ltd.	Singapore	Hotels & resorts management	**100**	100	
Shanghai Straits Trading Co., Ltd.	People's Republic of China	Hotels management	**–**	100	(f)
SL Tin Sdn. Bhd. [(6) ß]	Malaysia	Tin mining	**44**	44	
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. [(1) ß]	Malaysia	Tin warehousing	**55**	55	
MSC Properties Sdn. Bhd. [(1) ß]	Malaysia	Property holding and rental	**55**	55	
Rahman Hydraulic Tin Sdn. Bhd. [(1) ß]	Malaysia	Tin mining	**55**	55	
Straits Resource Management Private Limited [ß]	Singapore	Investment holding	**55**	55	
PT SRM Indonesia [(7) ß]	Indonesia	Dormant	**54**	54	
Tertius Development Pte. Ltd.	Singapore	Property	**100**	100	

46. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding 2015 %	2014 %	
Associates					
Held by the Company:					
Johan Kekal Sendirian Berhad [ØØ] *(Accounting year ended 31 December)*	Malaysia	Property development	**45**	45	
Taiko–Straits Developments Sdn. Bhd. [(1)] *(Accounting year ended 30 June)*	Malaysia	Property development	**30**	30	
Associates					
Held through subsidiaries:					
Guilin Hinwei Tin Co Ltd. [ß ++++] *(Accounting year ended 31 December)*	People's Republic of China	Dormant	**19**	19	
Redring Solder (M) Sdn. Bhd. [(1) ß] *(Accounting year ended 31 December)*	Malaysia	Manufacture and sale of solder products	**22**	22	
ARA Asset Management Limited [(2)] *(Accounting year ended 31 December)*	Bermuda	Asset/Fund management	**20**	20	(g)
Far East Hospitality Holdings Pte. Ltd. [(4)] *(Accounting year ended 31 December)*	Singapore	Owner, operator and manager of hospitality properties	**30**	30	
ARA Harmony Fund III, L.P. *(Accounting year ended 31 December)* [(2)]	Cayman Islands	Investment	**36**	–	(h)
Greater Tokyo Office Fund (Jersey) L.P. *(Accounting year ended 31 December)* [(3)]	Jersey	Investment	**42**	–	(i)
Joint Ventures					
Held through subsidiaries:					
Coastal Coffees Pty Ltd [(3)] *(Accounting year ended 30 June)*	Australia	Restaurant	**50**	50	
KM Resources, Inc. [(1) ß +] *(Accounting year ended 31 December)*	Labuan, Malaysia	Investment holding	**16**	16	
Africa Smelting Corporation Sprl [(5) ß ++] *(Accounting year ended 31 December)*	Democratic Republic of Congo	Tin smelting	**22**	22	

46. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

The subsidiaries are audited by Ernst & Young LLP, Singapore unless stated otherwise.

(1) Audited by overseas affiliates of Ernst & Young LLP.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by overseas affiliates of KPMG LLP.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by overseas affiliates of PricewaterhouseCoopers LLP.
(6) Audited by AT Konsortium.
(7) Audited by Drs. R Sunaryono, MM CPA.
ß Subsidiaries/Associates/Joint Ventures of a listed subsidiary.
Ø These subsidiaries were voluntarily liquidated in 2015.
ØØ Voluntary liquidation in progress and no audit is required for 2015.
\+ The subsidiaries of the joint venture in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.
++ The company is currently dormant.
+++ These companies were incorporated in second half of 2015 and hence the accounts were not audited.
++++ Audit is not required for this dormant company.

Note:

(a) This subsidiary was sold in 2015 (note 18).

(b) Malaysia Smelting Corporation Berhad ("MSC") is listed on the Main Market of the Bursa Malaysia Securities Berhad and is secondarily listed on the Singapore Exchange Securities Trading Limited. The Company's combined interest in MSC held jointly with other subsidiaries and an associate is 55% (2014: 55%).

(c) ARA Summit Development Fund I, L.P. targets investment opportunities primarily in Australia and South East Asia. SRE Venture 1 Pte. Ltd. is currently the sole investor of this fund.

(d) These are subsidiaries of ARA Summit Development Fund I, L.P..

(e) The investment activities of SRE Asian Asset Income Fund is managed by SRE Capital Pte. Ltd..

(f) This subsidiary was reclassified as held for sale as at 31 December 2014 (note 25(b)) and the sale was completed in 2015.

(g) ARA Asset Management Limited ("ARA") is incorporated as an exempted company with limited liability in Bermuda. The principal place of business is Singapore. ARA is listed on the main board of the Singapore Exchange Securities Trading Limited.

(h) ARA Harmony Fund III, L.P. holds a portfolio of income generating retail properties in Malaysia.

(i) Greater Tokyo Office Fund (Jersey) L.P. focuses on acquiring office assets in the Greater Tokyo area, which may include Tokyo, Kanagawa, Saitama and Chiba prefectures and selected regional cities outside of Greater Tokyo.

ADDITIONAL INFORMATION REQUIRED UNDER THE MAINBOARD RULES OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

INTERESTED PERSON TRANSACTIONS (RULES 907 AND 1207(17))

There were no interested person transactions of S$100,000 and above between the Company or its subsidiaries and any of its interested persons during the financial year ended 31 December 2015.

The Company does not have a general mandate from shareholders in relation to interested person transactions pursuant to Rule 920 of SGX-ST's Mainboard Rules.

MATERIAL CONTRACTS (RULE 1207(8))

No material contract involving the interests of any Director or controlling shareholder of the Company has been entered into by the Company or any of its subsidiaries since the end of the previous financial year and no such contract subsisted at the end of the financial year ended 31 December 2015.

SHAREHOLDER INFORMATION

VOTING RIGHTS

Shareholders' voting rights are set out in Article 72 of the Company's Articles of Association:

On a show of hands, every member present in person or by proxy shall have one vote and upon a poll, every member present in person or by proxy shall have one vote for every share which he holds.

ISSUED ORDINARY SHARES ("SHARES") AND SHAREHOLDERS AS AT 16 MARCH 2016

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	–	99	221	5.12	8,600	0.00
100	–	1,000	1,123	26.01	638,249	0.16
1,001	–	10,000	2,409	55.79	9,225,600	2.26
10,001	–	1,000,000	556	12.87	23,833,252	5.84
1,000,001	and	above	9	0.21	374,390,071	91.74
Total			4,318	100.00	408,095,772	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2016

	Registered Shareholders	No. of Shares	%
1.	THE CAIRNS PTE. LTD.	265,840,552	65.14
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	46,176,200	11.32
3.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	23,827,302	5.84
4.	UNITED OVERSEAS BANK NOMINEES PTE LTD	17,176,484	4.21
5.	DBSN SERVICES PTE LTD	7,670,468	1.88
6.	DBS NOMINEES PTE LTD	7,182,620	1.76
7.	LOKE WAN YAT REALTY SDN BHD	2,519,632	0.62
8.	UOB KAY HIAN PTE LTD	2,239,928	0.55
9.	BANK OF SINGAPORE NOMINEES PTE LTD	1,756,885	0.43
10.	RAFFLES NOMINEES (PTE) LTD	751,563	0.18
11.	OCBC SECURITIES PRIVATE LTD	630,471	0.15
12.	HSBC (SINGAPORE) NOMINEES PTE LTD	623,518	0.15
13.	UOB NOMINEES (2006) PTE LTD	591,608	0.14
14.	MAYBANK NOMINEES (SINGAPORE) PTE LTD	580,204	0.14
15.	LOKE YUEN KIN RUBY MRS TAN KIA MENG	448,601	0.11
16.	CHOO MEILEEN	414,432	0.10
17.	AU YONG AH NGOH	396,984	0.10
18.	TEO SOO CHUAN (PTE) LTD	345,300	0.08
19.	OCBC NOMINEES SINGAPORE PTE LTD	338,540	0.08
20.	PHILLIP SECURITIES PTE LTD	238,322	0.06
		379,749,614	93.04

SHAREHOLDER INFORMATION

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2016

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
The Cairns Pte. Ltd.	285,840,552	70.04	–	–
Tan Chin Tuan Pte. Ltd. (1)	–	–	285,840,552	70.04
Raffles Investments Limited (1)	–	–	285,840,552	70.04
Siong Lim Private Limited (1)	–	–	285,840,552	70.04
Tecity Pte. Ltd. (1)	–	–	285,840,552	70.04
Aequitas Pte. Ltd. (1)	–	–	285,840,552	70.04
Kambau Pte. Ltd. (1)	–	–	285,840,552	70.04
Grange Investment Holdings Private Limited (1)	–	–	285,840,552	70.04
Dr Tan Kheng Lian (1)	4,860	n/m	285,840,552	70.04
Franklin Resources, Inc. (2)	–	–	29,366,300	7.20
Franklin Templeton Institutional, LLC (2)	–	–	29,366,300	7.20
Aberdeen Asset Management PLC (3)	–	–	24,692,527	6.05
Aberdeen Asset Management Asia Limited(3)	–	–	24,692,527	6.05

Notes:

n/m: not meaningful

1: Each of Raffles Investments Limited ("Raffles"), Siong Lim Private Limited ("Siong Lim") and Tecity Pte. Ltd ("Tecity") holds not less than 20 per cent. of the voting rights of The Cairns Pte. Ltd. ("Cairns"). By virtue of this, each of Raffles, Siong Lim and Tecity, has a deemed interest in the shares of the Company held by Cairns. Aequitas Pte. Ltd. ("Aequitas") holds more than 50 per cent. of the voting rights of Raffles. By virtue of this, Aequitas has a deemed interest in the Company's shares held by Cairns. Kambau Pte. Ltd. ("Kambau") holds not less than 20 per cent. of the voting rights of Aequitas. By virtue of this, Kambau has a deemed interest in the Company's shares held by Cairns. Grange Investment Holdings Private Limited ("Grange") holds more than 50% of the voting rights of Kambau. By virtue of this, Grange has a deemed interest in the Company's shares held by Cairns. Tan Chin Tuan Pte. Ltd. holds more than 50% of the voting rights in Grange. By virtue of this, Tan Chin Tuan Pte. Ltd. has a deemed interested in the Company's shares held by Cairns. Dr Tan Kheng Lian holds more than 50 per cent. of the voting rights of Tecity. By virtue of this, Dr Tan Kheng Lian has a deemed interest in the Company's shares held by Cairns.

2: Franklin Resources, Inc's deemed interest arises from the shares of the Company held by the funds and managed accounts that are managed by investment advisers which are directly or indirectly owned by Franklin Resources, Inc. Franklin Templeton Institutional, LLC is a wholly-owned subsidiary of Franklin Resources, Inc.

3: Aberdeen Asset Management PLC is the parent company of Aberdeen Asset Management Asia Limited. Aberdeen Asset Management Asia Limited acts as an investment manager for various clients/funds and has the power to exercise, or control the exercise of, a right to vote attached to the shares and has the power to dispose of, or control the disposal of, the shares. The registered holder(s) of the shares is the client's or fund's custodian.

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC AS AT 16 MARCH 2016

Based on information available to the Company as at 16 March 2016, approximately 12.48% of the Shares of the Company were held by the public and thus, Rule 723 of the Mainboard Rules of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of members of The Straits Trading Company Limited (the "**Company**") will be held at Meeting Rooms 301 and 302, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 29 April 2016 at 11.00 a.m. for the following business:

1. To receive and adopt the Financial Statements for the year ended 31 December 2015, the Directors' Statement and the Auditor's Report thereon

2. To re-elect the following Directors who are retiring by rotation in accordance with Article 99 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (a) Mr Goh Kay Yong David

   (b) Mr Tan Tiong Cheng

   Note: *Mr Tan Tiong Cheng, if re-elected, will continue as a member of the Audit Committee and Remuneration Committee and will be considered as an independent Director.*

3. To approve the payment of Directors' fees of S$908,179 for the year ended 31 December 2015 (2014: S$828,496)

4. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Board to fix their remuneration

5. As Special Business:

   To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "That authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Mainboar Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

6. To transact any other ordinary business of the Company

By Order of the Board

Aldric Tan Jee Wei
Secretary

Singapore
11 April 2016

Notes:

1. A member of the Company is entitled to appoint a proxy to attend the Annual General Meeting and vote in his stead. A proxy need not be a member of the Company. Proxy forms must be deposited at the Company's Share Registrar's office at 80 Robinson Road #11-02 Singapore 068898, not less than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof.

2. An investor who buys shares using CPF monies (''**CPF Investor**") and/or SRS monies ("**SRS Investor**"), as may be applicable, may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

ADDITIONAL INFORMATION RELATING TO NOTICE OF ANNUAL GENERAL MEETING:

The Ordinary Resolution in item 5 above, if passed, will renew the authority for the Directors, effective until the next Annual General Meeting, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a limit of 50% of the total number of issued shares in the capital of the Company, of which up to 20% for issues other than on a pro-rata basis, calculated as described in the Resolution.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

THE STRAITS TRADING COMPANY LIMITED
(A member of The Tecity Group)
(Company Registration No.: 188700008D)
Incorporated in Singapore

IMPORTANT:
1. For investors who have used their CPF monies to buy THE STRAITS TRADING COMPANY LIMITED shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name)

of ______________________________

(Address) being a member/members of THE STRAITS TRADING COMPANY LIMITED hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Annual General Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held at Meeting Rooms 301 and 302, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593, on Friday, 29 April 2016 at 11.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Resolutions	For	Against
1.	To receive and adopt the Financial Statements, Directors' Report and Auditor's Statement thereon		
2.	To re-elect Directors retiring under Article 99 of the Articles of Association: (a) Mr Goh Kay Yong David		
	(b) Mr Tan Tiong Cheng		
3.	To approve payment of Directors' fees		
4.	To re-appoint Auditors and authorise the Directors to fix their remuneration		
5.	To authorise the Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
6.	Any other business		

Dated this ______________ day of April, 2016.

Total Number of Shares	

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Signature(s) of Member(s)/Common Seal
Important: Please read notes overleaf

Notes:

1. A member (other than a Relevant Intermediary) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second-named proxy as an alternate to the first named.

2. A member who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with the Articles of Association of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the office of the Company's Share Registrar at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for the Annual General Meeting. The sending of this form of proxy by a member does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant instrument of proxy will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.

6. A member of the Company should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

9. An investor who buys shares using CPF monies (''**CPF Investor**") and/or SRS monies ("**SRS Investor**"), as may be applicable, may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

THE STRAITS TRADING COMPANY LIMITED
Co. Reg. No.: 188700008D

9 Battery Road #28-01, Straits Trading Building, Singapore 049910
Tel: (65) 6422 4288 I Fax : (65) 6534 7202 I www.stc.com.sg